

2002-2003

OPERATING BUDGET

2002-2003

SUMMARY

INFORMATION

City of San Jose
2002-2003 Adopted Budget
TOTAL CITY SOURCE AND USE OF FUNDS

	2000-2001 Actual	2001-2002 Adopted	2002-2003 Adopted
SOURCE OF FUNDS			
GENERAL FUND			
Fund Balance			
Liquidation of Encumbrances	3,320,672	0	0
Encumbrances	29,230,648	32,551,317	36,345,051
Carryover	164,959,496	150,203,097	162,194,925
Beginning Fund Balance \$	197,510,816	\$ 182,754,414	\$ 198,539,976
General Revenue			
Property Tax	80,693,571	82,167,000	86,278,000
Sales Tax	169,216,984	153,650,000	148,848,538
Transient Occupancy Tax	10,919,727	10,000,000	8,400,000
Franchise Fees	29,172,059	31,567,000	33,857,000
Utility Tax	67,446,481	62,520,000	70,673,000
Licenses and Permits	67,835,873	66,557,020	62,459,320
Fines and Forfeitures	11,328,735	10,311,100	11,075,500
Revenue from Money and Property	22,354,551	15,261,500	13,094,500
Revenue from Local Agencies	38,233,073	41,269,522	39,271,631
Revenue from State Government	58,359,407	56,523,615	58,204,087
Revenue from Federal Government	2,529,147	2,380,658	1,776,489
Departmental Charges	22,933,335	21,919,258	20,454,300
Other Revenue	15,279,012	13,300,084	14,495,183
Subtotal General Revenue	596,301,955	567,426,757	568,887,548
Transfers and Reimbursements			
Overhead Reimbursements	26,059,597	28,293,561	29,784,161
Transfers	22,873,215	21,181,417	18,076,159
Reimbursements for Services	17,219,124	17,451,111	18,235,000
Subtotal Transfers and Reimbursements	66,151,936	66,926,089	66,095,320
Total General Fund	\$ 859,964,707	\$ 817,107,260	\$ 833,522,844
Less Transfers, Loans, and Contributions	(94,546,669)	(128,710,431)	(109,296,107)
NET GENERAL FUND TOTAL	\$ 765,418,038	\$ 688,396,829	\$ 724,226,737
ENTERPRISE FUNDS			
Airport Customer Facility and Transportation Fee Fund	6,193,724	7,803,743	5,892,606
Airport Fiscal Agent Fund	20,267,188	14,717,818	490,163,287
Airport Maintenance and Operation Fund	74,736,818	84,347,962	100,256,763
Airport Revenue Fund	147,258,417	159,575,552	114,460,063
Airport Surplus Revenue Fund	61,807,908	105,686,103	20,833,387
General Purpose Parking Fund	21,749,889	23,956,883	30,023,588
Sewage Treatment Plant Connection Fee Fund	42,833,279	38,684,012	38,305,014
Sewer Service and Use Charge Fund	107,497,491	95,942,091	107,186,441
San Jose/Santa Clara Treatment Plant Income Fund	10,967,764	4,592,289	95,544
San Jose/Santa Clara Treatment Plant Operating Fund	81,278,217	77,782,006	80,537,807
Water Utility Fund	25,495,655	23,530,636	24,928,464
Total Enterprise Funds	\$ 600,086,350	\$ 636,619,095	\$ 1,012,682,964
Less Transfers, Loans, and Contributions	(270,519,850)	(312,375,552)	(671,922,384)
NET ENTERPRISE FUNDS TOTAL	\$ 329,566,500	\$ 324,243,543	\$ 340,760,580

City of San Jose
2002-2003 Adopted Budget
TOTAL CITY SOURCE AND USE OF FUNDS

	2000-2001 Actual	2001-2002 Adopted	2002-2003 Adopted
SOURCE OF FUNDS (CONT'D.)			
TRUST AND AGENCY FUNDS			
Gift Trust Fund	1,777,020	3,535,067	1,450,634
Municipal Health Services Program Fund	6,439,486	6,275,674	8,507,198
Total Trust and Agency Funds	\$ 8,216,506	\$ 9,810,741	\$ 9,957,832
Less Transfers, Loans, and Contributions	0	0	0
NET TRUST AND AGENCY FUNDS TOTAL	\$ 8,216,506	\$ 9,810,741	\$ 9,957,832
SPECIAL REVENUE FUNDS			
Anti-Tobacco Master Settlement Agreement Revenue Fund	23,805,541	26,777,341	29,787,739
Benefit Funds-Benefit Fund	29,009,341	32,974,881	37,083,856
Benefit Funds-Dental Insurance Fund	10,314,432	11,399,625	13,216,772
Benefit Funds-Life Insurance Fund	2,513,916	2,571,071	2,757,027
Benefit Funds-Unemployment Insurance Fund	415,863	446,964	671,458
Business Improvement District Fund	593,403	615,153	631,906
Cash Reserve Fund	4,190	4,299	4,568
Community Development Block Grant Fund	32,068,685	25,360,032	20,866,276
Community Facilities Revenue Fund	4,881,656	7,060,301	6,555,975
Convention and Cultural Affairs Fund	24,183,226	25,639,535	24,392,702
Economic Development Administrative Loan Fund	243,520	237,704	195,763
Economic Development Enhancement Fund	3,880,884	3,303,550	3,213,888
Emergency Reserve Fund	1,940,913	1,027,038	1,027,038
Federal Drug Forfeiture Fund	890,717	530,341	536,692
Gas Tax Maintenance and Construction Fund-1943	7,300,000	7,400,000	7,800,000
Gas Tax Maintenance and Construction Fund-1964	4,161,701	4,161,701	4,261,701
Gas Tax Maintenance and Construction Fund-1990	5,500,000	5,500,000	5,800,000
Home Investment Partnership Program Fund	7,181,764	7,324,614	13,848,376
Housing and Homeless Fund	2,209,501	1,629,764	1,984,515
Integrated Waste Management Fund	82,293,213	80,284,919	76,376,903
Library Benefit Assessment District Fund	8,878,105	7,836,304	8,275,270
Local Law Enforcement Block Grant Fund	3,045,224	1,614,849	1,271,215
Low and Moderate Income Housing Fund	116,450,755	211,811,737	236,895,186
Municipal Golf Course Fund	19,463,423	2,083,986	2,828,655
Sidewalk Program Fund	628,510	0	0
Special Assessment Maintenance District Funds:			
Community Facilities District #1 (Capitol Auto Mall)	293,575	325,956	375,889
District #1 (Los Paseos) Fund	397,127	352,444	421,927
District #2B (Foreign Trade Zone B) Fund	458,367	450,550	416,601
District #4 (Gateway Place) Fund	218,353	187,949	185,689
District #5A (Orchard, 1st-Plumeria) Fund	127,102	98,585	132,763
District #5B (Orchard, Plumeria-Trimble) Fund	111,598	139,302	127,894
District #6 (River Oaks) Fund	509,689	315,251	396,924
District #8 (Zanker-Montague) Fund	258,279	275,737	303,689
District #9 (Santa Teresa Blvd.) Fund	385,982	330,757	367,163
District #10 (Oakmead Storm Station) Fund	1,182,503	1,059,569	721,417
District #11 (Brokaw Road) Fund	132,215	128,521	143,908
District #12 (N. First-Tasman) Fund	398,373	352,633	400,878
District #13 (Karina Ct. - Onel Dr.) Fund	117,199	122,746	123,322
District #14 (Hellyer Ave.) Fund	310,467	263,227	298,827
District #15 (Silver Creek) Fund	3,114,432	2,472,431	3,571,937
District #16 (Aborn-Murillo) Fund	1,500,320	1,364,473	1,526,539

City of San Jose
2002-2003 Adopted Budget
TOTAL CITY SOURCE AND USE OF FUNDS

	2000-2001 Actual	2001-2002 Adopted	2002-2003 Adopted
SOURCE OF FUNDS (CONT'D.)			
SPECIAL REVENUE FUNDS (CONT'D.)			
District #18 (The Meadowlands) Fund	84,595	84,694	98,682
State Drug Forfeiture Fund	1,049,285	1,044,950	892,339
Stores Fund	6,184,685	6,073,632	6,783,742
Storm Sewer Operating Fund	16,287,137	16,320,074	16,363,854
Supplemental Law Enforcement Services Fund	6,611,372	6,139,213	7,775,065
Transient Occupancy Tax Fund	19,451,327	18,839,044	14,401,738
Vehicle Maintenance and Operations Fund	31,018,505	31,826,775	35,687,649
Workforce Investment Act Fund	10,046,679	14,191,623	16,848,868
Total Special Revenue Funds	\$ 492,107,649	\$ 570,355,845	\$ 608,650,785
Less Transfers, Loans, and Contributions	(74,193,555)	(79,004,669)	(81,780,602)
NET SPECIAL REVENUE FUNDS TOTAL	\$ 417,914,094	\$ 491,351,176	\$ 526,870,183
CAPITAL IMPROVEMENT PROGRAM FUNDS			
Beginning Fund Balance	593,200,742	472,203,400	538,036,276
Sale of Bonds	71,000,000	336,906,000	488,187,000
Fees and Charges	74,317,808	49,610,000	40,711,000
Revenue from Other Government	57,509,236	61,205,000	57,682,000
Transfers, Loans, and Contributions	117,895,860	173,496,860	553,418,203
Interest Income	15,834,142	21,494,000	15,666,147
Miscellaneous Revenue	28,273,087	5,809,000	26,562,000
Development Contribution	3,448,110	39,950,000	35,738,000
Total Capital Improvement Program Funds	\$ 961,478,985	\$ 1,160,674,260	\$ 1,756,000,626
Less Transfers, Loans, and Contributions	(23,575,603)	(12,661,145)	(16,670,899)
NET CAPITAL FUNDS TOTAL	\$ 937,903,382	\$ 1,148,013,115	\$ 1,739,329,727
NET CITY SOURCE OF FUNDS	\$ 2,459,018,520	\$ 2,661,815,404	\$ 3,341,145,059

USE OF FUNDS

GENERAL FUND EXPENDITURES

City Attorney	9,721,672	10,397,487	11,149,524
City Auditor	2,147,750	2,301,302	2,385,056
City Clerk	1,712,711	1,725,446	1,529,411
City Manager	5,727,404	6,884,119	6,912,376
Civil Service Commission	18,576	22,508	22,508
Conventions, Arts and Entertainment	10,881,192	0	0
Economic Development	1,758,519	2,355,813	2,042,718
Emergency Services	304,502	322,770	347,550
Employee Services	4,499,275	5,473,049	7,334,788
Environmental Services	1,802,606	2,633,750	1,756,614
Equality Assurance	925,074	1,327,822	0
Finance	8,052,969	9,807,523	8,367,526
Fire	93,860,871	91,303,011	108,216,633
General Services	18,920,145	20,781,651	21,813,719
Housing	0	0	281,207
Independent Police Auditor	638,895	603,506	647,866
Information Technology	13,968,180	15,963,288	17,413,766

City of San Jose
2002-2003 Adopted Budget
TOTAL CITY SOURCE AND USE OF FUNDS

	2000-2001 Actual	2001-2002 Adopted	2002-2003 Adopted
USE OF FUNDS (CONT'D.)			
GENERAL FUND EXPENDITURES (CONT'D.)			
Library	19,641,420	20,957,188	22,440,762
Mayor and City Council	4,751,824	7,134,685	7,602,284
Parks, Recreation and Neighborhood Services	45,549,421	59,572,435	62,580,908
Planning, Building and Code Enforcement	26,900,713	34,440,655	31,143,643
Planning Commission	12,940	37,035	37,035
Police	189,414,987	201,193,043	216,394,450
Public Works	9,294,226	9,431,782	8,895,644
Redevelopment Agency	1,039,576	1,572,523	1,770,239
Transportation	29,056,264	32,694,508	35,041,153
Subtotal Departmental Charges	500,601,712	538,936,899	576,127,380
City-Wide Expenses	82,281,141	104,189,500	92,251,877
Capital Contributions	16,443,092	52,549,860	37,121,304
Transfers	9,977,364	9,491,773	6,007,294
Earmarked Reserves	0	57,131,886	61,120,763
Contingency Reserve	0	22,256,025	24,549,175
Ending Fund Balance	0	0	0
Encumbrance Reserve	36,345,051	32,551,317	36,345,051
Subtotal Non-Departmental Charges	145,046,648	278,170,361	257,395,464
Total General Fund Expenditures	\$ 645,648,360	\$ 817,107,260	\$ 833,522,844
ENTERPRISE FUNDS			
Airport Customer Facility and Transportation Fee Fund	4,763,981	7,803,743	5,892,606
Airport Fiscal Agent Fund	13,968,075	14,717,818	490,163,287
Airport Maintenance and Operation Fund	72,647,685	84,347,962	100,256,763
Airport Revenue Fund	132,063,257	159,575,552	114,460,063
Airport Surplus Revenue Fund	51,340,430	105,686,103	20,833,387
General Purpose Parking Fund	11,120,828	23,956,883	30,023,588
Sewage Treatment Plant Connection Fee Fund	8,560,712	38,684,012	38,305,014
Sewer Service and Use Charge Fund	78,697,708	95,942,091	107,186,441
San Jose/Santa Clara Treatment Plant Income Fund	9,717,220	4,592,289	95,544
San Jose/Santa Clara Treatment Plant Operating Fund	65,634,649	77,782,006	80,537,807
Water Utility Fund	18,860,966	23,530,636	24,928,464
Total Enterprise Funds	\$ 467,375,511	\$ 636,619,095	\$ 1,012,682,964
TRUST AND AGENCY FUNDS			
Gift Trust Fund	524,029	3,535,067	1,450,634
Municipal Health Services Program Fund	5,832,824	6,275,674	8,507,198
Total Trust and Agency Funds	\$ 6,356,853	\$ 9,810,741	\$ 9,957,832
SPECIAL REVENUE FUNDS			
Anti-Tobacco Master Settlement Agreement Revenue Fund	7,558,921	26,777,341	29,787,739
Benefit Funds-Benefit Fund	28,798,341	32,974,881	37,083,856
Benefit Funds-Dental Insurance Fund	7,943,482	11,399,625	13,216,772
Benefit Funds-Life Insurance Fund	1,241,279	2,571,071	2,757,027
Benefit Funds-Unemployment Insurance Fund	177,698	446,964	671,458
Business Improvement District	449,996	615,153	631,906
Cash Reserve Fund	0	4,299	4,568
Community Development Block Grant Fund	22,604,327	25,360,032	20,866,276
Community Facilities Revenue Fund	3,411,900	7,060,301	6,555,975

City of San Jose
2002-2003 Adopted Budget
TOTAL CITY SOURCE AND USE OF FUNDS

	2000-2001 Actual	2001-2002 Adopted	2002-2003 Adopted
USE OF FUNDS (CONT'D.)			
SPECIAL REVENUE FUNDS (CONT'D.)			
Convention and Cultural Affairs Fund	17,901,996	25,639,535	24,392,702
Economic Development Administrative Loan Fund	35,257	237,704	195,763
Economic Development Enhancement Fund	663,152	3,303,550	3,213,888
Emergency Reserve Fund	913,875	1,027,038	1,027,038
Federal Drug Forfeiture Fund	435,777	530,341	536,692
Gas Tax Maintenance and Construction Fund-1943	7,300,000	7,400,000	7,800,000
Gas Tax Maintenance and Construction Fund-1964	4,100,000	4,161,701	4,261,701
Gas Tax Maintenance and Construction Fund-1990	5,500,000	5,500,000	5,800,000
Home Investment Partnership Program Fund	5,765,013	7,324,614	13,848,376
Housing and Homeless Fund	961,847	1,629,764	1,984,515
Integrated Waste Management Fund	68,218,873	80,284,919	76,376,903
Library Benefit Assessment District Fund	6,700,448	7,836,304	8,275,270
Local Law Enforcement Block Grant Fund	2,356,089	1,614,849	1,271,215
Low and Moderate Income Housing Fund	117,025,263	211,811,737	236,895,186
Municipal Golf Course Fund	17,627,089	2,083,986	2,828,655
Sidewalk Program Fund	903,822	0	0
Special Assessment Maintenance District Funds:			
Community Facilities District #1 (Capitol Auto Mall)	103,462	325,956	375,889
District #1 (Los Paseos) Fund	193,839	352,444	421,927
District #2B (Foreign Trade Zone B) Fund	153,524	450,550	416,601
District #4 (Gateway Place) Fund	89,173	187,949	185,689
District #5A (Orchard, 1st-Plumeria) Fund	25,015	98,585	132,763
District #5B (Orchard, Plumeria-Trimble) Fund	30,815	139,302	127,894
District #6 (River Oaks) Fund	174,073	315,251	396,924
District #8 (Zanker-Montague) Fund	79,700	275,737	303,689
District #9 (Santa Teresa Blvd.) Fund	273,281	330,757	367,163
District #10 (Oakmead Storm Station) Fund	278,366	1,059,569	721,417
District #11 (Brokaw Road) Fund	60,196	128,521	143,908
District #12 (N. First-Tasman) Fund	97,335	352,633	400,878
District #13 (Karina Ct. - Onel Dr.) Fund	47,365	122,746	123,322
District #14 (Hellyer Ave.) Fund	133,603	263,227	298,827
District #15 (Silver Creek) Fund	1,179,016	2,472,431	3,571,937
District #16 (Aborn-Murillo) Fund	1,114,262	1,364,473	1,526,539
District #18 (The Meadowlands) Fund	31,719	84,694	98,682
State Drug Forfeiture Fund	36,003	1,044,950	892,339
Stores Fund	4,711,525	6,073,632	6,783,742
Storm Sewer Operating Fund	13,849,758	16,320,074	16,363,854
Supplemental Law Enforcement Services Fund	445,189	6,139,213	7,775,065
Transient Occupancy Tax Fund	13,681,972	18,839,044	14,401,738
Vehicle Maintenance and Operations Fund	27,058,941	31,826,775	35,687,649
Workforce Investment Act Fund	10,745,678	14,191,623	16,848,868
Total Special Revenue Funds	\$ 403,188,255	\$ 570,355,845	\$ 608,650,785
CAPITAL IMPROVEMENT PROGRAM FUNDS			
Airport Capital Improvement Fund	15,591,151	40,265,000	68,330,193
Airport Passenger Facility Fund	46,915,381	48,218,000	50,732,476
Airport Renewal and Replacement Fund	35,284,909	59,122,000	25,408,158
Airport Revenue Bond Improvement Fund	59,452,211	100,461,000	543,047,509
Branch Libraries Bond Projects Fund	3,382,079	28,228,000	66,249,797
Building and Structure Construction Tax Fund	29,676,471	52,898,000	55,579,075
Central Service Yard Acquisition and Development Fund	131,855	10,200,000	10,241,525
Civic Center Construction Fund	12,650,376	215,348,000	252,249,000

City of San Jose
2002-2003 Adopted Budget
TOTAL CITY SOURCE AND USE OF FUNDS

	2000-2001 Actual	2001-2002 Adopted	2002-2003 Adopted
USE OF FUNDS (CONT'D.)			
CAPITAL IMPROVEMENT PROGRAM FUNDS (CONT'D.)			
Civic Center Parking Fund	0	45,342,000	58,312,000
Construction and Conveyance Tax Funds:			
Communications C & C Tax Fund	737,708	3,301,000	2,967,852
City-Wide Parks C & C Tax Fund	5,774,004	7,867,000	9,745,247
District 1 Parks C & C Tax Fund	1,468,178	2,512,000	3,888,413
District 2 Parks C & C Tax Fund	1,305,253	2,268,000	1,117,423
District 3 Parks C & C Tax Fund	1,119,145	1,730,000	1,524,127
District 4 Parks C & C Tax Fund	1,790,731	2,036,000	2,156,132
District 5 Parks C & C Tax Fund	1,830,505	2,925,000	3,576,888
District 6 Parks C & C Fund	2,275,357	2,404,000	1,747,059
District 7 Parks C & C Fund	1,278,240	2,926,000	3,039,278
District 8 Parks C & C Fund	894,981	2,470,000	2,378,198
District 9 Parks C & C Fund	1,051,098	3,010,000	3,065,962
District 10 Parks C & C Fund	806,540	2,865,000	2,582,703
Fire C & C Tax Fund	2,855,181	2,871,000	2,473,332
Library C & C Tax Fund	3,627,388	9,419,000	6,738,471
Parks Central C & C Tax Fund	20,934,421	15,304,000	12,083,696
Park Yards Maintenance C & C Tax Fund	81,617	1,377,000	1,484,000
Service Yards C & C Tax Fund	1,300,610	11,856,500	11,871,668
Construction Excise Tax Fund	51,841,700	92,817,000	76,545,349
Emma Prusch Fund	51,840	99,000	204,204
Fiber Optics Development Fund	20,182	438,900	722,139
General Fund Capital Improvement Fund	28,935,425	54,680,860	37,350,304
General Purpose Parking Fund	4,037,995	12,121,000	13,625,000
Lake Cunningham Fund	879,297	1,390,000	1,617,566
Library Benefit Assessment District Fund	3,635,028	3,390,000	4,370,000
Major Collectors and Arterial Fund	995,841	2,715,000	2,689,955
Major Facilities Fund	352,288	4,846,000	5,188,558
Neighborhood Security Act Bond Fund	0	0	39,425,000
Parks and Recreation Bond Projects Fund	1,522,538	36,004,000	102,181,654
Park Trust Fund	4,410,685	22,024,000	22,865,970
Residential Construction Tax Contribution Fund	2,196,560	1,263,000	911,579
San Jose/Santa Clara Treatment Plant Capital Fund	33,050,345	162,089,000	162,530,295
Sanitary Sewer Connection Fee Fund	36,046,245	33,799,000	26,413,203
Sewer Service and Use Charge Capital Improvement Fund	22,082,263	40,396,000	39,435,381
Storm Drainage Fee Fund	498,482	1,602,000	425,283
Storm Sewer Capital Fund	3,861,943	4,059,000	2,981,526
Underground Utility Fund	1,242,402	3,853,000	3,735,137
Water Utility Capital Fund	3,509,252	5,864,000	10,192,341
Total Capital Improvement Program Funds	451,385,701	1,160,674,260	1,756,000,626
GRAND TOTALS	1,973,954,680	3,194,567,201	4,220,815,051
Gross City Use of Funds			
Less Transfers, Loans, and Contributions	(462,835,677)	(532,751,797)	(879,669,992)
NET CITY USE OF FUNDS	\$ 1,511,119,003	\$ 2,661,815,404	\$ 3,341,145,059

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TRANSFERS, LOANS, AND CONTRIBUTIONS

	<u>2002-2003 Adopted</u>
TRANSFERS TO GENERAL FUND FROM:	
Airport Maintenance and Operation Fund	\$11,184,343
Assessment District Funds	\$115,000
Construction and Conveyance Tax Funds	1,850,225
Construction Excise Tax Fund	1,345,000
Enterprise Fund In-Lieu	3,347,000
Gas Tax Maintenance and Construction Fund- 1943	7,800,000
Gas Tax Maintenance and Construction Fund- 1964	4,200,000
Gas Tax Maintenance and Construction Fund- 1990	5,800,000
Lake Cunningham Fund	226,000
Overhead from Various Capital Special Funds	12,883,347
Overhead from Various Operating Special Funds	16,826,133
Various other Capital Funds	554,904
Vehicle Maintenance and Operations Fund	425,000
Water Utility Fund	2,200,000
 TRANSFER TO AIRPORT FISCAL AGENT FUND FROM:	
Airport Revenue Fund	19,583,100
 TRANSFER TO AIRPORT MAINTENANCE AND OPERATION FUND FROM:	
Airport Revenue Fund	84,511,054
Capital Improvement Program	6,414,899
 TRANSFER TO AIRPORT REVENUE FUND FROM:	
Capital Improvement Program	6,044,281
Fiscal Agent Fund	300,000
 TRANSFER TO AIRPORT SURPLUS REVENUE FUND FROM:	
Airport Revenue Fund	10,365,909
 TRANSFER TO BENEFIT FUNDS-BENEFIT FUND FROM:	
Various City Funds - Insurance Premium	36,844,000
 TRANSFER TO BENEFIT FUNDS-DENTAL INSURANCE FUND FROM:	
Various City Funds - Insurance Premium	6,443,000
 TRANSFER TO BENEFIT FUNDS-LIFE INSURANCE FUND FROM:	
Various City Funds - Insurance Premium	906,000
 TRANSFER TO BENEFIT FUNDS-UNEMPLOYMENT INSURANCE FUND FROM:	
Various City Funds - Insurance Premium	463,000
 TRANSFER TO CONVENTION AND CULTURAL AFFAIRS FUND FROM:	
General Fund	2,596,533
General Purpose Parking Fund	1,437,584
Transient Occupancy Tax Fund	6,044,865

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TRANSFERS, LOANS, AND CONTRIBUTIONS

	<u>2002-2003 Adopted</u>
TRANSFER TO INTEGRATED WASTE MANAGEMENT FUND FROM:	
General Fund, Lifeline Discount Subsidy	450,000
TRANSFER TO MAINTENANCE DISTRICTS FUNDS FROM:	
General Fund	142,318
TRANSFER TO MUNICIPAL GOLF COURSE FUND FROM:	
Community Facilities Revenue Fund	385,000
TRANSFER TO SEWER SERVICE & USE CHARGE FUND FROM:	
Sewage Treatment Plant Connection Fee Fund	8,923,557
TRANSFER TO STORES FUND FROM:	
Departmental Charges	4,600,000
TRANSFER TO TREATMENT PLANT OPERATING FUND FROM:	
Sewer Service and Use Charge Fund	40,565,000
TRANSFER TO VEHICLE MAINTENANCE AND OPERATION FUND FROM:	
Departmental Charges - Operating & Maintenance Costs	15,915,690
Replacement Charges	4,474,386
Water Pollution Control Plant - Competition	84,661
TRANSFER TO CAPITAL IMPROVEMENT PROGRAM FUNDS FROM:	
General Fund for the following programs:	
Fire	2,559,000
Library	855,000
Municipal Improvements	4,621,000
Parks and Community Facilities Development	17,751,289
Police	698,000
Traffic	10,866,015
Airport Operating Funds	459,000,000
Airport Renewal and Replacement Fund	6,414,899
Civic Center Construction Fund	2,310,000
Civic Center Parking Fund	1,680,000
General Purpose Parking Fund	13,625,000
Library Benefit Assessment District Fund	4,370,000
Park Trust Fund	500,000
Park Yards Maintenance Fund	25,000
Parks Central Fund	5,741,000
Sewage Treatment Plant Connection Fee Fund	3,080,000
Sewer Service and Use Charge Fund	17,055,000
Storm Sewer Operating Fund	1,250,000
Water Utility Fund	1,017,000
TOTAL TRANSFERS TO:	<u><u>879,669,992</u></u>

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TRANSFERS, LOANS, AND CONTRIBUTIONS

	<u>2002-2003 Adopted</u>
TRANSFERS FROM GENERAL FUND TO:	
Convention and Cultural Affairs Fund	\$2,596,533
Integrated Waste Management Fund	450,000
Maintenance Districts Funds	142,318
Various Capital Improvement Programs	37,350,304
TRANSFER FROM AIRPORT CAPITAL IMPROVEMENT FUND TO:	
Airport Revenue Fund	5,806,281
TRANSFER FROM AIRPORT FISCAL AGENT FUND TO:	
Airport Revenue Fund	300,000
Capital Improvement Program Fund	450,000,000
TRANSFER FROM AIRPORT MAINTENANCE AND OPERATION FUND TO:	
General Fund - Police Services/Fire Fighting	11,184,343
TRANSFER FROM AIRPORT RENEWAL AND REPLACEMENT FUND TO:	
Airport Maintenance and Operation Fund	6,414,899
Airport Revenue Fund	238,000
TRANSFER FROM AIRPORT REVENUE FUND TO:	
Airport Fiscal Agent Fund	19,583,100
Airport Maintenance and Operation Fund	84,511,054
Airport Surplus Revenue Fund	10,365,909
TRANSFER FROM AIRPORT SURPLUS REVENUE FUND TO:	
Capital Improvement Program Fund	9,000,000
TRANSFER FROM VARIOUS CAPITAL IMPROVEMENT PROGRAM FUNDS TO:	
General Fund	554,904
Various Capital Improvement Program Funds	16,670,899
TRANSFER FROM COMMUNITY FACILITIES REVENUE FUND TO:	
Municipal Golf Course Fund	385,000
TRANSFER FROM CONSTRUCTION AND CONVEYANCE TAX FUND TO:	
General Fund	1,850,225
TRANSFER FROM CONSTRUCTION EXCISE TAX FUND TO:	
General Fund	1,345,000
TRANSFER FROM GAS TAX MAINTENANCE AND CONSTRUCTION FUND- 1943 TO:	
General Fund	7,800,000
TRANSFER FROM GAS TAX MAINTENANCE AND CONSTRUCTION FUND- 1964 TO:	
General Fund	4,200,000

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TRANSFERS, LOANS, AND CONTRIBUTIONS

	2002-2003 Adopted
TRANSFER FROM GAS TAX MAINTENANCE AND CONSTRUCTION FUND- 1990 TO:	
General Fund	5,800,000
TRANSFER FROM GENERAL PURPOSE PARKING FUND TO:	
Capital Improvement Program Fund	13,625,000
Convention and Cultural Affairs Fund	1,437,584
TRANSFER FROM LAKE CUNNINGHAM FUND TO:	
General Fund	226,000
TRANSFER FROM LIBRARY BENEFIT ASSESSMENT DISTRICT FUND TO:	
Capital Improvement Program Fund	4,370,000
TRANSFER FROM MAINTENANCE DISTRICTS FUNDS TO:	
General Fund	115,000
TRANSFER FROM SEWAGE TREATMENT PLANT CONNECTION FEE FUND TO:	
Capital Improvement Program Fund	3,080,000
Sewer Service and Use Charge Fund	8,923,557
TRANSFER FROM SEWER SERVICE AND USE CHARGE FUND TO:	
Capital Improvement Program Fund	17,055,000
Treatment Plant Operating Fund	40,565,000
TRANSFER FROM STORM SEWER OPERATING FUND TO:	
Capital Improvement Program Fund	1,250,000
TRANSFER FROM TRANSIENT OCCUPANCY TAX FUND TO:	
Convention and Cultural Affairs Fund	6,044,865
TRANSFER FROM VEHICLE MAINTENANCE AND OPERATIONS FUND TO:	
General Fund	425,000
TRANSFER FROM WATER UTILITY FUND TO:	
General Fund	2,200,000
Capital Improvement Program Fund	1,017,000
TRANSFER FROM VARIOUS CITY FUNDS TO:	
Benefit Funds-Benefit Fund	36,844,000
Benefit Funds-Dental Insurance Fund	6,443,000
Benefit Funds-Life Insurance Fund	906,000
Benefit Funds-Unemployment Insurance Fund	463,000
General Fund - Enterprise Fund In-lieu	3,347,000
General Fund - Overhead	29,709,480
Stores Fund	4,600,000
Vehicle Maintenance and Operations Fund	20,474,737
TOTAL TRANSFERS FROM:	879,669,992

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF EXPENDITURES BY DEPARTMENT/FUNCTION

	2000-2001 Adopted	2001-2002 Adopted	2002-2003 Adopted
GENERAL GOVERNMENT			
<i>City Attorney</i> - Departmental Operations	11,370,711	12,095,605	12,957,125
<i>City Auditor</i> - Departmental Operations	2,210,770	2,301,302	2,385,056
<i>City Clerk</i> - Departmental Operations	1,448,693	1,725,446	1,529,411
<i>City Manager</i> - Departmental Operations	6,906,619	7,166,969	7,208,718
<i>Civic Center</i> - CIP	-	215,348,000	252,249,000
<i>Civil Service Commission</i>	22,380	22,508	22,508
<i>Economic Development</i>			
Economic Development - Departmental Operations	3,315,937	3,896,046	5,033,963
Economic Development - Workforce Investment Act	11,553,599	12,476,078	13,598,381
Economic Development - Business Improvement Districts	659,543	615,153	631,906
Economic Development - Economic Develop. Enhance Funds	3,079,023	3,541,254	3,299,651
<i>Emergency Services</i> - Departmental Operations	310,815	322,770	347,550
<i>Employee Services</i>			
Employee Services - Departmental Operations	13,784,292	16,732,691	19,196,160
Employee Services - Employee Benefits	31,560,392	36,132,970	41,890,209
<i>Equality Assurance</i> - Departmental Operations	1,368,183	1,531,942	-
<i>Finance</i> - Departmental Operations	11,039,969	11,814,178	10,505,477
<i>Independent Police Auditor</i> - Departmental Operations	580,504	603,506	647,866
<i>Information Technology</i> - Departmental Operations	16,125,505	17,247,327	19,146,563
<i>Mayor and City Council</i>	6,273,935	7,134,685	7,602,284
<i>Municipal Improvements</i> - CIP	10,842,000	17,858,700	5,343,139
<i>Planning Commission</i>	36,626	37,035	37,035
<i>Redevelopment Agency</i> - Departmental Operations	1,257,558	1,572,523	1,770,239
Subtotal General Government	133,747,054	370,176,688	405,402,241
PUBLIC SAFETY			
<i>Fire</i>			
Fire Department - Departmental Operations	88,675,149	91,303,011	108,216,632
Fire Department - CIP	7,294,000	10,467,500	27,728,332
<i>Police</i>			
Police Department - Departmental Operations	182,962,392	203,155,712	219,471,611
Federal and State Drug Forfeiture Funds	1,457,426	1,218,935	1,168,621
Local Law Enforcement Block Grant Fund	272,770	1,022,488	330,154
Supplemental Law Enforcement Services Fund	3,926,040	5,176,013	5,957,488
Communications - CIP	2,975,000	3,301,000	2,967,852
Police Department - CIP	-	-	17,427,000
Subtotal Public Safety	287,562,777	315,644,659	383,267,690
CAPITAL MAINTENANCE			
<i>General Services</i>			
General Services - Departmental Operations	34,648,147	38,977,380	40,500,778
Vehicle Maintenance and Operations	14,555,573	16,797,542	20,204,271
Stores Operations	4,277,544	5,208,724	5,933,794
Service Yards - CIP	13,781,000	22,056,500	22,113,193

Note: Departmental Operations include personal services and non-personal/equipment expenditures for all funds excluding capital funds.

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF EXPENDITURES BY DEPARTMENT/FUNCTION

	2000-2001 Adopted	2001-2002 Adopted	2002-2003 Adopted
CAPITAL MAINTENANCE (CONT'D.)			
<i>Public Works</i>			
Public Works - Departmental Operations	10,495,327	10,687,287	10,555,414
Developer-Assisted Projects - CIP	8,424,000	5,116,000	4,646,716
<i>Transportation</i>			
Transportation - Departmental Operations	54,355,286	59,560,347	62,021,052
Maintenance Assessment and Community Facilities Districts	4,905,534	4,530,993	5,685,883
Sidewalk Repair Fund	1,158,473	-	-
General Purpose Parking Fund	62,549,002	16,898,632	22,222,753
Parking - CIP	54,868,000	57,463,000	71,937,000
Traffic - CIP	109,726,000	161,703,000	145,680,394
Subtotal Capital Maintenance	373,743,886	398,999,405	411,501,248
COMMUNITY SERVICES			
<i>Airport</i>			
Airport - Departmental Operations	54,864,045	65,602,344	66,516,190
Airport - Operating Program Expenditures	38,351,940	39,618,136	528,011,136
Airport-Revenue/Surplus Revenue Funds	181,876,988	265,261,655	135,293,450
Airport - CIP	200,666,000	248,066,000	687,518,336
<i>Conventions, Arts & Entertainment</i>			
Conventions, Arts & Entertainment - Departmental Operations	27,021,354	19,900,293	19,708,636
Conventions & Cultural Affairs Fund - Program Expenditures	3,387,791	5,394,511	4,107,820
Municipal Golf Course	1,341,742	2,083,986	2,828,655
Transient Occupancy Tax Fund	15,046,226	18,839,044	14,401,738
<i>Environmental Services</i>			
Environmental Services - Departmental Operations	126,636,674	137,608,397	140,906,508
Integrated Waste Management-Operating Program Expenditures	20,463,900	17,301,726	17,780,142
Storm Sewer System - Operating Program Expenditures	6,478,965	5,622,487	5,102,984
Storm Sewer System - CIP	6,547,000	5,661,000	3,406,809
Sanitary Sewer System - Operating Program Expenditures	135,650,812	121,039,039	131,599,630
Sanitary Sewer System - CIP	71,025,000	74,195,000	65,848,584
Water Pollution Control - Operating Program Expenditures	21,145,841	22,344,905	18,816,846
Water Pollution Control - Income Fund	11,091,323	4,592,289	95,544
Water Pollution Control - CIP	139,554,000	162,089,000	162,530,295
Water Utility System - Operating Program Expenditures	9,752,876	9,183,731	9,405,493
Water Utility System - CIP	8,166,000	10,710,000	15,380,899
<i>Library</i>			
Library - Departmental Operations	22,519,506	23,921,257	25,781,895
Library - Benefit Assessment District	5,139,536	4,872,235	4,999,841
Library - CIP	16,057,000	45,032,000	78,213,268
<i>Parks, Recreation and Neighborhood Services</i>			
Parks, Recreation & Neighborhood Svcs-Departmental Operations	47,447,020	62,991,445	66,450,913
Community Development Block Grant Program	22,347,681	21,037,514	16,056,788
Healthy Neighborhoods Venture Fund	22,409,000	25,630,799	28,571,755
Park and Community Facilities Development - CIP	72,630,000	121,607,560	193,009,809
<i>Planning, Building and Code Enforcement</i>			
Planning, Building and Code Enforcement - Department Operations	29,508,717	37,023,252	33,989,891
<i>Housing</i>			
Housing Department - Departmental Operations	7,249,508	7,425,496	9,240,761
Housing Department Funds - Program Expenditures	147,056,333	212,347,311	242,611,994
Subtotal Community Services	1,471,432,778	1,797,002,412	2,728,186,610

Note: Departmental Operations include personal services and non-personal/equipment expenditures for all funds excluding capital funds.

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF EXPENDITURES BY DEPARTMENT/FUNCTION

	2000-2001 Adopted	2001-2002 Adopted	2002-2003 Adopted
OTHER EXPENDITURES			
General Fund - City-Wide Expenses	95,916,566	104,189,500	92,251,877
General Fund - Capital Contributions	37,500,000	52,549,860	37,121,304
General Fund - Earmarked Reserves	35,631,724	57,131,886	61,120,763
General Fund - Contingency Reserve	19,962,490	22,256,025	24,549,175
General Fund - Transfers to Other Funds	8,886,071	9,491,773	6,007,294
General Fund - Ending Fund Balance	555,010	-	-
General Fund - Encumbrance Balance	24,756,802	32,551,317	36,345,051
Gift Trust Fund	2,123,662	3,535,067	1,450,634
Municipal Health Services	6,681,084	5,885,270	8,161,881
General Fund Cash and Emergency Reserves	1,031,165	1,031,337	1,031,606
Gas Tax Funds	16,461,701	17,061,701	17,861,702
Community Facilities Revenue Fund	4,631,376	7,060,301	6,555,975
Subtotal Other Expenditures	<u>254,137,651</u>	<u>312,744,037</u>	<u>292,457,262</u>
GRAND TOTALS	2,520,624,146	3,194,567,201	4,220,815,051
Less Contributions and Transfers:	<u>(490,348,814)</u>	<u>(532,751,797)</u>	<u>(879,669,992)</u>
NET CITY USE OF FUNDS	2,030,275,332	2,661,815,404	3,341,145,059

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF FUND ACTIVITY

FUND DESCRIPTION	Beginning Fund Balance 7/1/2002	Revenues and Transfers	Estimated Sources Available	Expenses and Transfers	Ending Fund Balance 6/30/2003	Estimated Uses Available
General Fund						
001 General Fund	198,539,976	634,982,868	833,522,844	833,522,844	0	833,522,844
Enterprise Funds						
519 Airport Customer Facility and Transportation Fee Fund	827,168	5,065,438	5,892,606	5,065,438	827,168	5,892,606
525 Airport Fiscal Agent Fund	20,280,187	469,883,100	490,163,287	475,709,736	14,453,551	490,163,287
523 Airport Maintenance and Operation Fund	9,330,810	90,925,953	100,256,763	89,532,085	10,724,678	100,256,763
521 Airport Revenue Fund	12,384,539	102,075,524	114,460,063	114,460,063	0	114,460,063
524 Airport Surplus Revenue Fund	10,467,478	10,365,909	20,833,387	10,365,909	10,467,478	20,833,387
533 General Purpose Parking Fund	17,537,044	12,486,544	30,023,588	23,119,440	6,904,148	30,023,588
539 Sewage Treatment Plant Connection Fee Fund	34,425,014	3,880,000	38,305,014	12,140,162	26,164,852	38,305,014
541 Sewer Service and Use Charge Fund	27,728,255	79,458,186	107,186,441	85,182,457	22,003,984	107,186,441
514 San Jose/Santa Clara Treatment Plant Income Fund	90,544	5,000	95,544	0	95,544	95,544
513 San Jose/Santa Clara Treatment Plant Operating Fund	16,897,432	63,640,375	80,537,807	64,198,688	16,339,119	80,537,807
515 Water Utility Fund	7,227,464	17,701,000	24,928,464	18,849,506	6,078,958	24,928,464
Trust and Agency Funds						
139 Gift Trust Fund	1,345,494	105,140	1,450,634	1,200,755	249,879	1,450,634
132 Municipal Health Services Program Fund	791,818	7,715,380	8,507,198	7,796,197	711,001	8,507,198
Special Revenue Funds						
426 Anti-Tobacco Master Settlement Agreement Revenue Fund	18,162,739	11,625,000	29,787,739	13,507,202	16,280,537	29,787,739
160 Benefit Funds-Benefit Fund	239,856	36,844,000	37,083,856	36,844,000	239,856	37,083,856
155 Benefit Funds-Dental Insurance Fund	3,283,772	9,933,000	13,216,772	10,032,053	3,184,719	13,216,772
156 Benefit Funds-Life Insurance Fund	1,367,027	1,390,000	2,757,027	2,355,727	401,300	2,757,027
157 Benefit Funds-Unemployment Insurance Fund	200,458	471,000	671,458	322,080	349,378	671,458
351 Business Improvement District Fund	143,406	488,500	631,906	488,500	143,406	631,906
002 Cash Reserve Fund	4,388	180	4,568	0	4,568	4,568
441 Community Development Block Grant Fund	6,609,276	14,257,000	20,866,276	15,433,001	5,433,275	20,866,276
422 Community Facilities Revenue Fund	1,777,910	4,778,065	6,555,975	4,587,066	1,968,909	6,555,975
536 Convention and Cultural Affairs Fund	5,208,220	19,184,482	24,392,702	21,015,386	3,377,316	24,392,702
444 Economic Development Administrative Loan Fund	137,763	58,000	195,763	191,263	4,500	195,763
439 Economic Development Enhancement Fund	2,858,888	355,000	3,213,888	1,402,000	1,811,888	3,213,888
406 Emergency Reserve Fund	1,027,038	0	1,027,038	0	1,027,038	1,027,038
419 Federal Drug Forfeiture Fund	511,692	25,000	536,692	0	536,692	536,692
409 Gas Tax Maintenance and Construction Fund-1943	0	7,800,000	7,800,000	7,800,000	0	7,800,000
410 Gas Tax Maintenance and Construction Fund-1964	61,701	4,200,000	4,261,701	4,200,000	61,701	4,261,701
411 Gas Tax Maintenance and Construction Fund-1990	0	5,800,000	5,800,000	5,800,000	0	5,800,000
445 Home Investment Partnership Program Fund	2,087,376	11,761,000	13,848,376	12,594,652	1,253,724	13,848,376
440 Housing and Homeless Fund	1,559,515	425,000	1,984,515	1,000,000	984,515	1,984,515
423 Integrated Waste Management Fund	11,218,409	65,158,494	76,376,903	68,199,339	8,177,564	76,376,903

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF FUND ACTIVITY

FUND DESCRIPTION		Beginning Fund Balance 7/1/2002	Revenues and Transfers	Estimated Sources Available	Expenses and Transfers	Ending Fund Balance 6/30/2003	Estimated Uses Available
Special Revenue Funds (Cont'd.)							
412 Library Benefit Assessment District Fund		2,005,270	6,270,000	8,275,270	7,720,429	554,841	8,275,270
415 Local Law Enforcement Block Grant Fund		1,271,215	0	1,271,215	941,061	330,154	1,271,215
443 Low and Moderate Income Housing Fund		21,364,358	215,530,828	236,895,186	216,816,131	20,079,055	236,895,186
518 Municipal Golf Course Fund		745,018	2,083,637	2,828,655	1,367,804	1,460,851	2,828,655
Special Assessment Maintenance District Funds:							
371 Community Facilities District #1 (Capitol Auto Mall) Fund		241,144	134,745	375,889	151,176	224,713	375,889
352 District #1 (Los Paseos) Fund		245,639	176,288	421,927	182,840	239,087	421,927
354 District #2B (Foreign Trade Zone B) Fund		322,924	93,677	416,601	141,055	275,546	416,601
356 District #4 (Gateway Place) Fund		98,636	87,053	185,689	91,836	93,853	185,689
357 District #5A (Orchard, 1st-Plumeria) Fund		103,642	29,121	132,763	33,336	99,427	132,763
358 District #5B (Orchard, Plumeria-Trimble) Fund		94,138	33,756	127,894	38,511	89,383	127,894
359 District #6 (River Oaks) Fund		324,867	72,057	396,924	135,816	261,108	396,924
361 District #8 (Zanker-Montague) Fund		220,261	83,428	303,689	85,196	218,493	303,689
362 District #9 (Santa Teresa Blvd.) Fund		219,010	148,153	367,163	111,583	255,580	367,163
363 District #10 (Oakmead Storm Station) Fund		684,417	37,000	721,417	301,338	420,079	721,417
364 District #11 (Brokaw Road) Fund		83,432	60,476	143,908	63,736	80,172	143,908
365 District #12 (N. First-Tasman) Fund		321,343	79,535	400,878	128,261	272,617	400,878
366 District #13 (Karina Ct. - Onel Dr.) Fund		85,089	38,233	123,322	49,886	73,436	123,322
367 District #14 (Hellyer Ave.) Fund		197,177	101,650	298,827	133,382	165,445	298,827
368 District #15 (Silver Creek) Fund		2,382,453	1,189,484	3,571,937	1,264,759	2,307,178	3,571,937
369 District #16 (Aborn-Murillo) Fund		672,323	854,216	1,526,539	980,137	546,402	1,526,539
372 District #18 (The Meadowlands) Fund		57,634	41,048	98,682	46,818	51,864	98,682
417 State Drug Forfeiture Fund		857,339	35,000	892,339	260,410	631,929	892,339
551 Stores Fund		1,958,742	4,825,000	6,783,742	4,601,948	2,181,794	6,783,742
446 Storm Sewer Operating Fund		2,789,415	13,574,439	16,363,854	14,524,056	1,839,798	16,363,854
414 Supplemental Law Enforcement Services Fund		7,775,065	0	7,775,065	1,817,577	5,957,488	7,775,065
461 Transient Occupancy Tax Fund		1,651,738	12,750,000	14,401,738	13,088,008	1,313,730	14,401,738
552 Vehicle Maintenance and Operations Fund		15,212,912	20,474,737	35,687,649	23,465,076	12,222,573	35,687,649
290 Workforce Investment Act Fund		0	16,848,868	16,848,868	16,848,868	0	16,848,868
Capital Improvement Program Funds							
520 Airport Capital Improvement Fund		49,386,193	18,944,000	68,330,193	22,402,281	45,927,912	68,330,193
529 Airport Passenger Facility Fund		25,181,476	25,551,000	50,732,476	47,513,899	3,218,577	50,732,476
527 Airport Renewal and Replacement Fund		8,881,259	16,526,899	25,408,158	23,538,899	1,869,259	25,408,158
526 Airport Revenue Bond Improvement Fund		93,047,509	450,000,000	543,047,509	478,686,000	64,361,509	543,047,509
472 Branch Libraries Bond Projects Fund		15,225,797	51,024,000	66,249,797	42,332,000	23,917,797	66,249,797
429 Building and Structure Construction Tax Fund		39,936,075	15,643,000	55,579,075	43,832,000	11,747,075	55,579,075
463 Central Service Yard Acquisition & Development Fund		241,525	10,000,000	10,241,525	10,200,000	41,525	10,241,525
465 Construction Excise Tax Fund		12,393,349	64,152,000	76,545,349	76,433,000	112,349	76,545,349

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF FUND ACTIVITY

FUND DESCRIPTION		Beginning Fund Balance 7/1/2002	Revenues and Transfers	Estimated Sources Available	Expenses and Transfers	Ending Fund Balance 6/30/2003	Estimated Uses Available
Capital Improvement Program Funds (Cont'd.)							
Construction and Conveyance Tax Funds:							
397	Communications C & C Tax Fund	2,423,852	544,000	2,967,852	2,801,000	166,852	2,967,852
391	City-Wide Parks C & C Tax Fund	6,751,247	2,994,000	9,745,247	8,764,000	981,247	9,745,247
377	District 1 Parks C & C Tax Fund	2,021,413	1,867,000	3,888,413	2,654,000	1,234,413	3,888,413
378	District 2 Parks C & C Tax Fund	789,423	328,000	1,117,423	1,061,000	56,423	1,117,423
380	District 3 Parks C & C Tax Fund	943,127	581,000	1,524,127	827,000	697,127	1,524,127
381	District 4 Parks C & C Tax Fund	1,811,132	345,000	2,156,132	2,037,000	119,132	2,156,132
382	District 5 Parks C & C Tax Fund	3,088,888	488,000	3,576,888	1,884,000	1,692,888	3,576,888
384	District 6 Parks C & C Fund	1,350,059	397,000	1,747,059	1,656,000	91,059	1,747,059
385	District 7 Parks C & C Fund	1,466,278	1,573,000	3,039,278	2,494,000	545,278	3,039,278
386	District 8 Parks C & C Fund	2,023,198	355,000	2,378,198	1,761,000	617,198	2,378,198
388	District 9 Parks C & C Fund	2,752,962	313,000	3,065,962	2,648,000	417,962	3,065,962
389	District 10 Parks C & C Fund	2,202,703	380,000	2,582,703	2,019,000	563,703	2,582,703
392	Fire C & C Tax Fund	1,129,332	1,344,000	2,473,332	2,408,000	65,332	2,473,332
393	Library C & C Tax Fund	4,463,471	2,275,000	6,738,471	4,649,000	2,089,471	6,738,471
390	Parks Central C & C Tax Fund	1,318,696	10,765,000	12,083,696	11,448,000	635,696	12,083,696
398	Park Yards Maintenance C & C Tax Fund	1,292,000	192,000	1,484,000	724,000	760,000	1,484,000
395	Service Yards C & C Tax Fund	9,716,668	2,155,000	11,871,668	8,697,000	3,174,668	11,871,668
425	Civic Center Construction Fund	3,200,000	249,049,000	252,249,000	249,697,000	2,552,000	252,249,000
433	Civic Center Parking Fund	1,231,853	57,080,147	58,312,000	58,312,000	0	58,312,000
131	Emma Prusch Fund	132,204	72,000	204,204	123,000	81,204	204,204
007	Fiber Optics Fund	722,139	0	722,139	722,139	0	722,139
462	Lake Cunningham Fund	983,566	634,000	1,617,566	1,526,000	91,566	1,617,566
421	Major Collectors and Arterial Fund	2,319,955	370,000	2,689,955	580,000	2,109,955	2,689,955
502	Major Facilities Fund	4,766,558	422,000	5,188,558	4,115,000	1,073,558	5,188,558
475	Neighborhood Security Act Bond Fund	0	39,425,000	39,425,000	31,566,000	7,859,000	39,425,000
471	Parks and Recreation Bond Projects Fund	15,862,654	86,319,000	102,181,654	63,038,000	39,143,654	102,181,654
375	Park Trust Fund	22,865,970	0	22,865,970	22,865,970	0	22,865,970
420	Residential Construction Tax Contribution Fund	758,579	153,000	911,579	494,000	417,579	911,579
512	San Jose/Santa Clara Treatment Plant Capital Fund	140,602,295	21,928,000	162,530,295	106,606,000	55,924,295	162,530,295
540	Sanitary Sewer Connection Fee Fund	19,323,203	7,090,000	26,413,203	14,369,000	12,044,203	26,413,203
545	Sewer Service and Use Charge Capital Improvement Fund	22,435,381	17,000,000	39,435,381	29,848,000	9,587,381	39,435,381
413	Storm Drainage Fee Fund	70,283	355,000	425,283	246,000	179,283	425,283
469	Storm Sewer Capital Fund	1,661,526	1,320,000	2,981,526	1,302,000	1,679,526	2,981,526
416	Underground Utility Fund	2,985,137	750,000	3,735,137	2,137,000	1,598,137	3,735,137
500	Water Utility Capital Fund	8,387,341	1,805,000	10,192,341	8,842,000	1,350,341	10,192,341
TOTAL CITY FUNDS		\$ 1,014,464,134	\$ 3,151,005,613	\$ 4,165,469,747	\$ 3,652,165,771	\$ 513,303,976	\$ 4,165,469,747

NOTE: The total in this schedule is \$55.4 million lower than the grand total presented in the Total City Source and Use of Funds schedule because it nets Capital Contributions from the following Capital Programs: General Fund Capital Improvement Fund (\$37.4 million), General Purpose Parking Fund (\$13.6 million), and Benefit Assessment District Fund (\$4.4 million).

**City of San Jose
2002-2003 Adopted Budget**

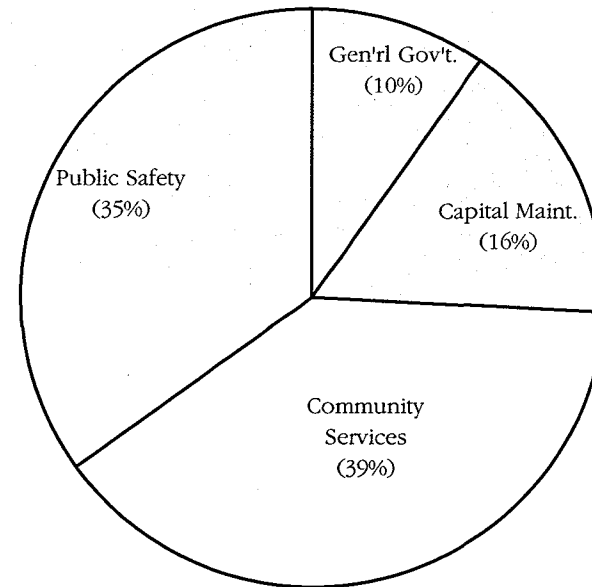
SUMMARY OF TOTAL OPERATIONS BY DEPARTMENT (ALL FUNDS)

Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Community Services Departments - provide for programs that affect citizens on a daily basis, such as Parks, Libraries, and Environmental Services

Capital Maintenance Departments - provide for the construction and maintenance of the City's infrastructure

General Government Departments - provide for the overall management and administrative functions of the City, including Employee Services, Finance, City Manager, Mayor and City Council, City Auditor, and City Clerk



Total Operations by Department: \$938,101,886

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL OPERATIONS BY DEPARTMENT (ALL FUNDS)*

USE OF FUNDS	General Fund	Enterprise Funds	Trust and Agency Funds	Special Revenue Funds	Capital Funds	TOTAL
GENERAL GOVERNMENT DEPARTMENTS						
City Attorney	11,149,525	1,039,433	0	768,168	0	12,957,126
City Auditor	2,385,056	0	0	0	0	2,385,056
City Clerk	1,529,411	0	0	0	0	1,529,411
City Manager	6,912,376	239,055	0	57,287	1,475,838	8,684,556
Civil Service Commission	22,508	0	0	0	0	22,508
Economic Development	2,042,718	0	0	2,991,244	0	5,033,962
Emergency Services	347,550	0	0	0	0	347,550
Employee Services	7,334,788	0	41,610	11,861,372	0	19,237,770
Finance	8,367,527	553,798	26,805	1,557,347	0	10,505,477
Independent Police Auditor	647,866	0	0	0	0	647,866
Information Technology	17,413,767	1,033,734	0	699,064	468,990	19,615,555
Mayor and City Council	7,602,284	0	0	0	0	7,602,284
Planning Commission	37,035	0	0	0	0	37,035
Redevelopment Agency	1,770,239	0	0	0	0	1,770,239
Retirement	0	0	2,024,916	0	0	2,024,916
Total General Government Departments	67,562,650	2,866,020	2,093,331	17,934,482	1,944,828	92,401,312
PUBLIC SAFETY DEPARTMENTS						
Fire	108,216,632	0	0	0	195,893	108,412,525
Police	216,394,450	58,112	0	3,019,048	96,395	219,568,005
Total Public Safety Departments	324,611,082	58,112	0	3,019,048	292,288	327,980,531
CAPITAL MAINTENANCE DEPARTMENTS						
General Services	21,813,718	1,192,051	0	11,744,931	993,190	35,743,890
Public Works	8,895,645	1,431,307	0	228,464	34,645,121	45,200,537
Transportation	35,041,155	17,207,551	0	9,772,348	7,345,656	69,366,710
Total Capital Maintenance Departments	65,750,518	19,830,909	0	21,745,743	42,983,967	150,311,138

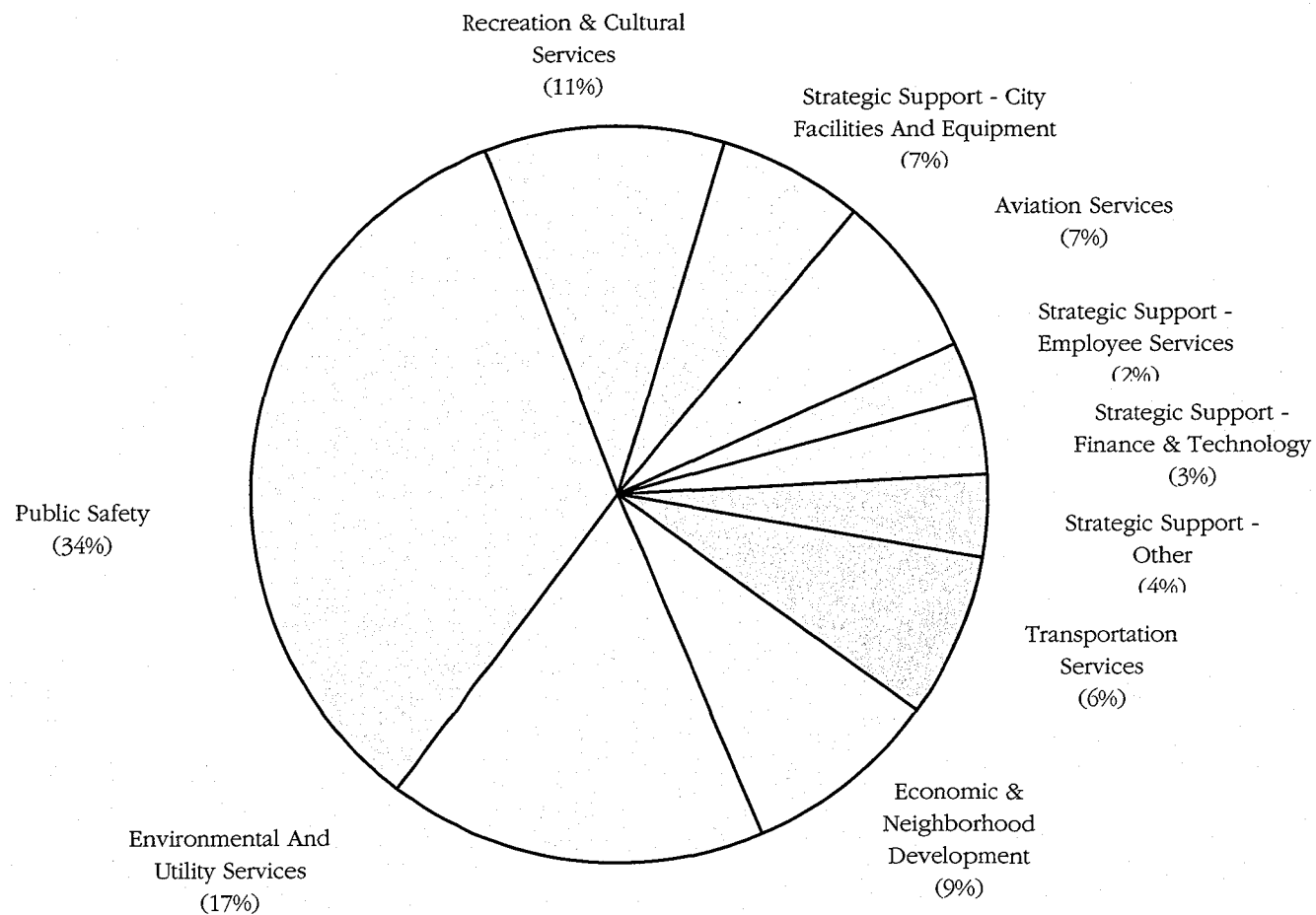
City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL OPERATIONS BY DEPARTMENT (ALL FUNDS)*

USE OF FUNDS (CONT'D.)	General Fund	Enterprise Funds	Trust and Agency Funds	Special Revenue Funds	Capital Funds	TOTAL
COMMUNITY SERVICES DEPARTMENTS						
Airport	0	66,516,191	0	0	1,291,196	67,807,387
Conventions, Arts & Entertainment	0	0	0	19,708,636	287,311	19,995,947
Environmental Services	1,756,614	77,730,596	0	61,419,298	557,912	141,464,420
Housing	281,207	0	0	8,959,555	0	9,240,762
Library	22,440,762	0	0	3,341,132	661,304	26,443,198
Parks, Recreation & Neighborhood Services	62,580,908	50,979	318,512	3,500,515	1,658,327	68,109,241
Planning, Building & Code Enforcement	31,143,643	185,308	0	2,660,939	358,060	34,347,950
Total Community Services Departments	118,203,134	144,483,074	318,512	99,590,075	4,814,110	367,408,905
TOTAL DEPARTMENT USES	576,127,380	167,238,115	2,411,843	142,289,349	50,035,193	938,101,886

* Department operations includes personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.

City of San Jose
2002-2003 Adopted Budget

SUMMARY OF TOTAL OPERATIONS BY CITY SERVICE AREA (ALL FUNDS)



Total Operations by City Service Area: \$938,101,886

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL OPERATIONS BY CITY SERVICE AREA (ALL FUNDS)*

USE OF FUNDS	Department	General Fund	Enterprise Funds	Trust and Agency Funds	Special Revenue Funds	Capital Funds	TOTAL
AVIATION SERVICES							
Community Air Service	Airport	0	1,146,782	0	0	0	1,146,782
Airport Customer Service	Airport	0	47,170,605	0	0	0	47,170,605
Airport Environmental Management	Airport	0	2,105,528	0	0	1,176,548	3,282,076
Strategic Support		0	16,093,276	0	0	114,648	16,207,923
Total Aviation Services		0	66,516,191	0	0	1,291,196	67,807,386
ECONOMIC & NEIGHBORHOOD DEVELOPMENT							
Convention Facilities	CAE	0	0	0	12,084,010	0	12,084,010
Business/Job Attraction, Retention, Expansion and Creation	Econ Develop.	1,569,721	0	0	169,376	0	1,739,097
Workforce Development	Econ Develop.	0	0	0	2,783,367	0	2,783,367
Fire Safety Code Compliance	Fire	4,838,262	0	0	0	90,963	4,929,225
Increase the Affordable Housing Supply	Housing	0	0	0	1,506,707	0	1,506,707
Maintain the Existing Affordable Housing Supply	Housing	281,207	0	0	3,908,068	0	4,189,274
Provide Services to Homeless and At-Risk Population	Housing	0	0	0	581,985	0	581,984
Long Range Land Use Planning	PBCE	3,010,335	83,493	0	554,515	32,817	3,681,161
Development Plan Review and Building Construction Inspection	PBCE	20,225,832	101,815	0	161,779	325,243	20,814,669
Community Code Enforcement	PBCE	6,682,328	0	0	1,944,645	0	8,626,973
Regulate/Facilitate Private Development	Public Works	6,054,650	0	0	104,322	0	6,158,972
Strategic Support		4,713,456	0	0	5,582,263	3,316,245	13,611,962
Total Economic and Neighborhood Development		47,375,791	185,308	0	29,381,037	3,765,268	80,707,401
ENVIRONMENTAL AND UTILITY SERVICES							
Manage Recycling and Garbage Services	ESD	1,589,798	0	0	55,080,121	0	56,669,919
Manage Potable Water	ESD	0	15,035,194	0	0	557,912	15,593,107
Manage Recycled Water	ESD	0	3,991,308	0	0	0	3,991,308
Manage Wastewater	ESD	0	47,973,659	0	16,199	0	47,989,857
Manage Urban Runoff Quality	ESD	55,109	0	0	5,254,095	0	5,309,204
Protect Natural and Energy Resources	ESD	80,992	5,244,063	0	0	0	5,325,055
Sanitary Sewer Maintenance	Transportation	0	8,934,885	0	0	0	8,934,885
Storm Sewer Management	Transportation	622,434	0	0	5,551,095	0	6,173,529
Strategic Support		30,715	5,985,651	0	1,298,897	0	7,315,262
Total Environmental and Utility Services		2,379,048	87,164,760	0	67,200,407	557,912	157,302,126

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL OPERATIONS BY CITY SERVICE AREA (ALL FUNDS)*

USE OF FUNDS (CONT'D.)	Department	General Fund	Enterprise Funds	Trust and Agency Funds	Special Revenue Funds	Capital Funds	TOTAL
PUBLIC SAFETY							
Emergency Preparedness and Planning	Emergency Services	152,414	0	0	0	0	152,414
Emergency Response and Recovery	Emergency Services	192,634	0	0	0	0	192,634
Emergency Response	Fire	89,960,362	0	0	0	104,930	90,065,292
Fire Prevention	Fire	823,336	0	0	0	0	823,336
Independent Police Oversight	Ind. Police Auditor	646,402	0	0	0	0	646,402
Respond to Calls for Service	Police	129,488,553	58,112	0	260,410	96,395	129,903,471
Crime Prevention and Community Education	Police	8,394,828	0	0	0	0	8,394,828
Investigative Services	Police	42,555,821	0	0	0	0	42,555,821
Special Events Services	Police	791,769	0	0	0	0	791,769
Regulatory Services	Police	2,245,825	0	0	0	0	2,245,825
Strategic Support		37,207,311	0	0	2,758,638	0	39,965,949
Total Public Safety		312,459,255	58,112	0	3,019,048	201,325	315,737,741
RECREATION AND CULTURAL SERVICES							
Arts and Cultural Development	CAE	0	0	0	4,019,970	287,311	4,307,281
Outdoor Special Events	CAE	0	0	0	755,927	0	755,927
Parks and Civic Grounds Management	General Services	0	244,173	0	0	0	244,173
Provide Access to Information, Library Materials & Digital Resources	Library	19,540,136	0	0	1,786,864	0	21,327,001
Promote Lifelong Learning and Provide Educational Support	Library	650,284	0	0	416,306	0	1,066,590
Neighborhood Livability Services	PRNS	18,428,168	0	0	457,911	90,872	18,976,953
Life Enjoyment Services	PRNS	37,411,273	50,979	318,512	479,635	185,545	38,445,945
Community Strengthening Services	PRNS	4,467,231	0	0	2,483,900	0	6,951,131
Strategic Support		4,524,578	0	0	1,484,794	2,043,214	8,052,587
Total Recreation and Cultural Services		85,021,670	295,152	318,512	11,885,307	2,606,942	100,127,588

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL OPERATIONS BY CITY SERVICE AREA (ALL FUNDS)*

USE OF FUNDS (CONT'D.)	Department	General Fund	Enterprise Funds	Trust and Agency Funds	Special Revenue Funds	Capital Funds	TOTAL
TRANSPORTATION SERVICES							
Traffic Safety Services	Police	7,149,958	0	0	0	0	7,149,958
Parking Services	Transportation	1,950,933	7,559,463	0	0	95,849	9,606,245
Street Landscape Maintenance	Transportation	7,777,535	86,489	0	3,991,239	234,851	12,090,114
Pavement Maintenance	Transportation	6,909,661	0	0	0	426,924	7,336,585
Transportation Operations	Transportation	9,498,865	0	0	0	3,136,835	12,635,700
Traffic Maintenance	Transportation	6,347,916	0	0	0	0	6,347,916
Transportation Planning	Transportation	492,031	0	0	0	3,396,992	3,889,023
Strategic Support		1,441,780	127,435	0	0	54,205	1,623,421
Total Transportation Services		41,568,679	7,773,387	0	3,991,239	7,345,656	60,678,962
STRATEGIC SUPPORT							
CITY FACILITIES AND EQUIPMENT							
Facilities Management	General Services	11,610,902	243,963	0	0	924,743	12,779,608
Fleet and Equipment Services	General Services	0	0	0	9,596,763	0	9,596,763
Plan, Design and Construct Public Facilities and Infrastructure	Public Works	388,586	902,456	0	32,488	30,249,452	31,572,982
Labor Compliance	Public Works	1,111,242	155,461	0	91,654	44,308	1,402,665
Strategic Support		9,878,976	950,846	0	1,141,394	1,103,563	13,074,779
Total City Facilities and Equipment		22,989,706	2,252,726	0	10,862,299	32,322,066	68,426,797
EMPLOYEE SERVICES							
Health and Safety	Employee Services	3,589,676	0	41,610	22,468	0	3,653,754
Employment Services	Employee Services	1,741,375	0	0	0	0	1,741,375
Employee Benefits	Employee Services	562,410	0	0	11,838,904	0	12,401,314
Training and Development	Employee Services	516,027	0	0	0	0	516,027
Administer Retirement Plans	Retirement	0	0	1,816,083	0	0	1,816,083
Strategic Support		925,300	0	208,833	0	0	1,134,133
Total Employee Services		7,334,788	0	2,066,526	11,861,372	0	21,262,686

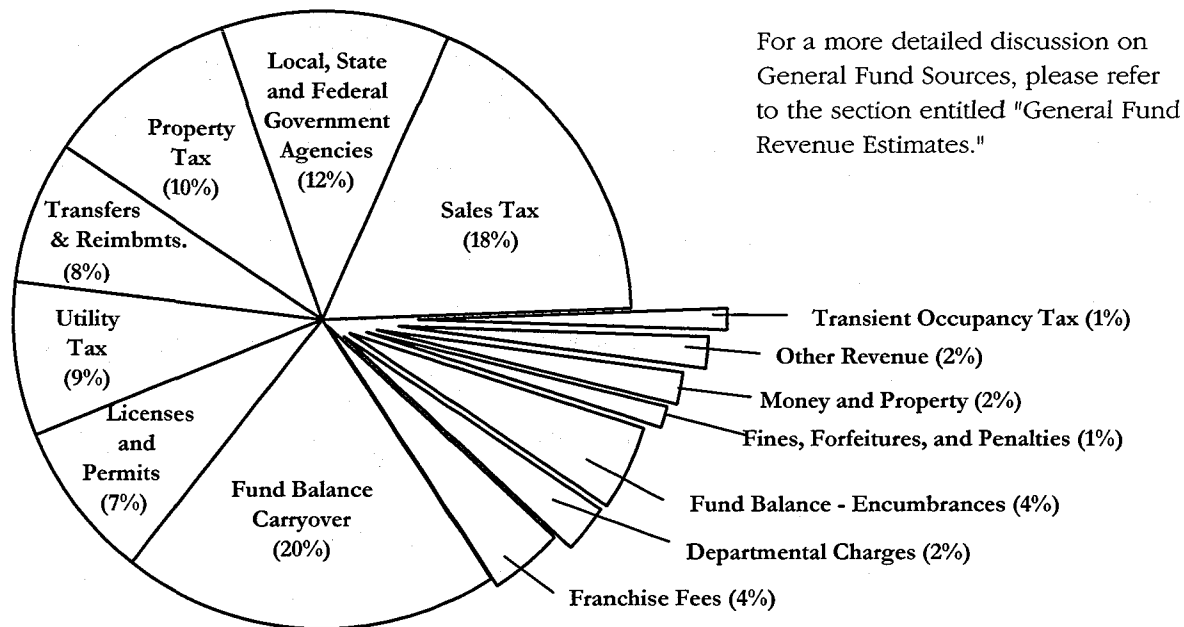
City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL OPERATIONS BY CITY SERVICE AREA (ALL FUNDS)*

USE OF FUNDS (CONT'D.)	Department	General Fund	Enterprise Funds	Trust and Agency Funds	Special Revenue Funds	Capital Funds	TOTAL
STRATEGIC SUPPORT (Cont'd.)							
FINANCE AND TECHNOLOGY							
Financial Management	Finance	3,694,574	553,798	0	1,268,428	0	5,516,800
Financial Reporting	Finance	1,688,668	0	8,715	189,666	0	1,887,049
Disbursements	Finance	1,424,026	0	0	0	0	1,424,026
Purchasing	General Services	972,102	126,459	0	156,826	0	1,255,387
Materials Management	General Services	606,857	0	0	849,948	0	1,456,804
Technology Strategic Planning	Info Technology	498,288	0	0	0	0	498,288
Technology Solutions Consulting	Info Technology	441,545	103,280	0	47,352	22,946	615,122
City-Wide Data Management	Info Technology	889,681	53,515	0	0	102,645	1,045,841
Network and Communication Services	Info Technology	8,409,310	33,853	0	0	139,463	8,582,626
Technology Customer Support	Info Technology	6,492,636	843,086	0	651,712	203,936	8,191,370
Strategic Support		2,242,566	0	18,090	99,253	0	2,359,909
Total Finance and Technology		27,360,253	1,713,991	26,805	3,263,185	468,990	32,833,222
OTHER							
Legal Transactions	City Attorney	4,053,904	706,626	0	768,168	0	5,528,698
Legal Representation	City Attorney	5,551,820	322,878	0	0	0	5,874,698
Audit Services	City Auditor	2,085,882	0	0	0	0	2,085,882
Facilitate the City's Legislative Process	City Clerk	1,358,869	0	0	0	0	1,358,869
Analyze, Develop and Recommend Public Policy	City Manager	2,396,557	142,380	0	57,287	574,068	3,170,293
Lead and Advance the Organization	City Manager	1,961,189	0	0	0	0	1,961,189
Manage and Coordinate City-Wide Service Delivery	City Manager	2,133,597	96,675	0	0	901,770	3,132,042
Strategic Support		10,096,377	9,929	0	0	0	10,106,306
Total Other		29,638,195	1,278,488	0	825,455	1,475,838	33,217,977
Total Strategic Support		87,322,942	5,245,205	2,093,331	26,812,311	34,266,894	155,740,682
TOTAL CITY SERVICE AREA USES		576,127,380	167,238,115	2,411,843	142,289,349	50,035,193	938,101,886

* City Service Area operations includes personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.

City of San Jose
2002-2003 Adopted Budget

SUMMARY OF GENERAL FUND SOURCES



Total General Fund Sources: \$833,522,844

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF GENERAL FUND SOURCES

	1	2	3	4	5	3 TO 5
	2000-2001	2001-2002	2001-2002	2002-2003	2002-2003	%
SOURCE OF FUNDS	Actuals	Adopted Budget	Modified Budget*	Forecast Budget	Adopted Budget	Increase/ (Decrease)
FUND BALANCE						
Liquidation of Encumbrances	3,320,672	N/A	N/A	N/A	N/A	N/A
Encumbrances	29,230,648	32,551,317	36,345,051	36,345,051	36,345,051	0.0%
Carryover	164,959,496	150,203,097	214,315,989	40,805,000	162,194,925	(24.3%)
Total Fund Balance	197,510,816	182,754,414	250,661,040	77,150,051	198,539,976	(20.8%)
GENERAL REVENUE						
Property Tax	80,693,571	82,167,000	84,522,000	86,278,000	86,278,000	2.1%
Sales Tax	169,216,984	153,650,000	153,650,000	148,848,538	148,848,538	(3.1%)
Transient Occupancy Tax	10,919,727	10,000,000	7,500,000	8,400,000	8,400,000	12.0%
Franchise Fees	29,172,059	31,567,000	31,242,000	33,338,000	33,857,000	8.4%
Utility Tax	67,446,481	62,520,000	64,580,000	70,673,000	70,673,000	9.4%
Licenses and Permits	67,835,873	66,557,020	61,776,167	54,160,220	62,459,320	1.1%
Fines, Forfeitures, and Penalties	11,328,735	10,311,100	10,311,100	11,075,500	11,075,500	7.4%
Revenue from Money and Property	22,354,551	15,261,500	15,459,500	12,954,500	13,094,500	(15.3%)
Revenue from Local Agencies	38,233,073	41,269,522	42,165,824	37,911,413	39,271,631	(6.9%)
Revenue from State Government	58,359,407	56,523,615	60,027,507	56,618,937	58,204,087	(3.0%)
Revenue from Federal Government	2,529,147	2,380,658	4,154,889	1,151,480	1,776,489	(57.2%)
Departmental Charges	22,933,335	21,919,258	20,926,848	18,504,000	20,454,300	(2.3%)
Other Revenue	15,279,012	13,300,084	14,438,934	14,692,734	14,495,183	0.4%
Total General Revenue	596,301,955	567,426,757	570,754,769	554,606,322	568,887,548	(0.3%)
TRANSFERS AND REIMBURSEMENTS						
Overhead Reimbursements	26,059,597	28,293,561	28,293,561	30,019,990	29,784,161	5.3%
Transfers	22,873,215	21,181,417	25,544,268	17,651,159	18,076,159	(29.2%)
Reimbursements for Services	17,219,124	17,451,111	17,457,111	18,235,000	18,235,000	4.5%
Total Transfers and Reimbursements	66,151,936	66,926,089	71,294,940	65,906,149	66,095,320	(7.3%)
TOTAL SOURCE OF FUNDS	859,964,707	817,107,260	892,710,749	697,662,522	833,522,844	(6.6%)

* As of March 31, 2002

City of San Jose
2002-2003 Adopted Budget

SUMMARY OF GENERAL FUND USES

Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

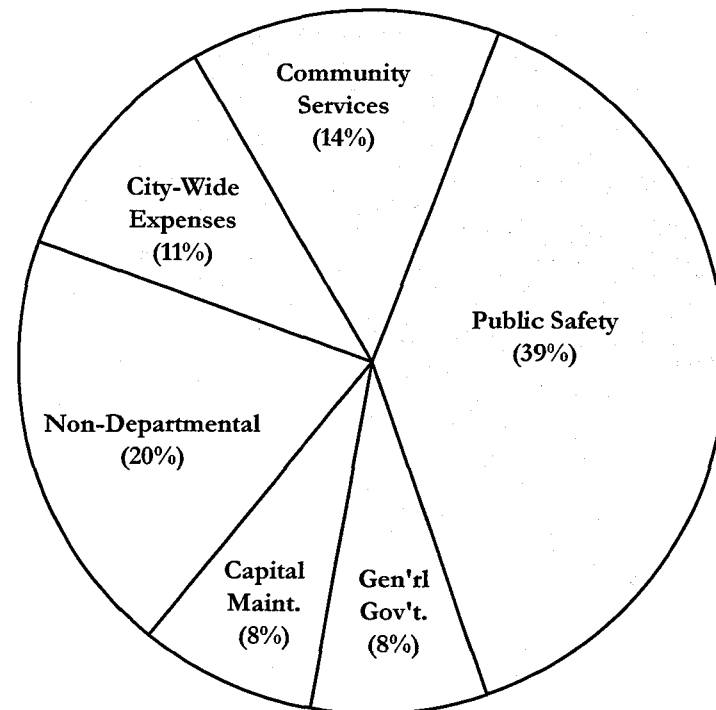
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Capital Maintenance Departments - provides for the construction and maintenance of the City's infrastructure

General Government Departments - provides for the overall management and administrative functions of the City, including Employee Services, Finance, City Manager, Mayor and City Council, City Auditor, and City Clerk

Non-Departmental - includes capital contributions, transfers and reserves

City-Wide Expenses - provides for expenses that relate to more than one department or are not directly associated with ongoing departmental operations



Total General Fund Uses: \$833,522,844

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF GENERAL FUND USES

	1	2	3	4	5	3 TO 5
USE OF FUNDS	2000-2001	2001-2002	2001-2002	2002-2003	2002-2003	Increase/
	Actuals	Adopted	Modified	Forecast	Adopted	(Decrease)
		Budget	Budget*	Budget	Budget	%
GENERAL GOVERNMENT DEPARTMENTS						
City Attorney	9,721,672	10,397,487	11,123,764	11,920,547	11,149,524	0.2%
City Auditor	2,147,750	2,301,302	2,423,915	2,462,616	2,385,056	(1.6%)
City Clerk	1,712,711	1,725,446	1,757,136	1,729,411	1,529,411	(13.0%)
City Manager	5,727,404	6,884,119	7,329,202	7,649,315	6,912,376	(5.7%)
Civil Service Commission	18,576	22,508	23,425	22,508	22,508	(3.9%)
Economic Development	1,758,519	2,355,813	2,403,238	2,172,094	2,042,718	(15.0%)
Emergency Services	304,502	322,770	332,171	347,550	347,550	4.6%
Employee Services	4,676,280	5,473,049	5,564,296	8,017,592	7,334,788	31.8%
Equality Assurance	925,074	1,327,822	1,369,876	0	0	(100.0%)
Finance	7,875,964	9,807,523	9,994,717	8,447,824	8,367,526	(16.3%)
Independent Police Auditor	638,895	603,506	624,146	647,866	647,866	3.8%
Information Technology	13,968,180	15,963,288	16,340,824	17,651,448	17,413,766	6.6%
Mayor & City Council	4,751,824	7,134,685	7,158,708	6,137,931	7,602,284	6.2%
Planning Commission	12,940	37,035	37,370	37,035	37,035	(0.9%)
Redevelopment Agency	1,039,576	1,572,523	1,615,645	1,770,239	1,770,239	9.6%
Total General Government Departments	55,279,867	65,928,876	68,098,433	69,013,976	67,562,647	(0.8%)
PUBLIC SAFETY DEPARTMENTS						
Fire	93,860,871	91,303,011	103,994,836	108,537,258	108,216,633	4.1%
Police	189,414,987	201,193,043	202,651,495	216,745,699	216,394,450	6.8%
Total Public Safety Departments	283,275,858	292,496,054	306,646,331	325,282,957	324,611,083	5.9%
CAPITAL MAINTENANCE DEPARTMENTS						
General Services	18,920,145	20,781,651	21,062,055	22,372,160	21,813,719	3.6%
Public Works	9,294,226	9,431,782	9,096,250	10,435,509	8,895,644	(2.2%)
Transportation	29,056,264	32,694,508	34,612,552	35,943,821	35,041,153	1.2%
Total Capital Maintenance Departments	57,270,635	62,907,941	64,770,857	68,751,490	65,750,516	1.5%

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF GENERAL FUND USES

	1	2	3	4	5	3 TO 5
	2000-2001	2001-2002	2001-2002	2002-2003	2002-2003	%
USE OF FUNDS (CONT'D.)	Actuals	Adopted Budget	Modified Budget*	Forecast Budget	Adopted Budget	Increase/ (Decrease)
COMMUNITY SERVICES DEPARTMENTS						
Conventions, Arts & Entertainment	10,881,192	0	0	0	0	N/A
Environmental Services	1,802,606	2,633,750	2,702,904	1,756,614	1,756,614	(35.0%)
Housing	N/A	N/A	N/A	281,207	281,207	N/A
Library	19,641,420	20,957,188	21,721,380	22,096,673	22,440,762	3.3%
Parks, Recreation & Neighborhood Services	45,549,421	59,572,435	61,057,130	62,211,538	62,580,908	2.5%
Planning, Building & Code Enforcement	26,900,713	34,440,655	31,799,565	33,726,694	31,143,643	(2.1%)
Total Community Services Departments	104,775,352	117,604,028	117,280,979	120,072,726	118,203,134	0.8%
Total Departmental Uses	500,601,712	538,936,899	556,796,600	583,121,149	576,127,380	3.5%
NON-DEPARTMENTAL						
City-Wide Expenses	82,281,141	104,189,500	113,884,164	75,947,574	92,251,877	(19.0%)
Capital Contributions	16,443,092	52,549,860	73,839,133	6,426,000	37,121,304	(49.7%)
Transfers	9,977,364	9,491,773	11,452,274	8,879,461	6,007,294	(47.5%)
Earmarked Reserves	N/A	57,131,886	75,802,352	10,528,000	61,120,763	(19.4%)
Contingency Reserve	N/A	22,256,025	24,591,175	22,758,000	24,549,175	(0.2%)
Encumbrance Reserve	36,345,051	32,551,317	36,345,051	36,345,051	36,345,051	
Total Non-Departmental Uses	145,046,648	278,170,361	335,914,149	160,884,086	257,395,464	(23.4%)
TOTAL USE OF FUNDS	645,648,360	817,107,260	892,710,749	744,005,235	833,522,844	(6.6%)

* As of March 31, 2002

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF GENERAL FUND USES BY CATEGORY

	1	2	3	4	5	6	2 TO 6
	2000-2001	2001-2002	2001-2002	2002-2003	Proposed	2002-2003	%
USE OF FUNDS	Actuals	Adopted	Modified	Forecast	Increase/	Adopted	Increase/
		Budget	Budget*	Budget	(Decrease)	Budget	(Decrease)
DEPARTMENTAL							
Personal Services	416,975,488	443,125,671	458,583,867	492,740,431	(39,390,800)	453,349,631	2.3%
Non-Personal/Equipment	83,626,224	95,811,228	98,212,733	90,380,718	32,397,031	122,777,749	28.1%
Departmental Total	500,601,712	538,936,899	556,796,600	583,121,149	(6,993,769)	576,127,380	6.9%
NON-DEPARTMENTAL							
City-Wide Expenses	82,281,141	104,189,500	113,884,164	75,947,574	16,304,303	92,251,877	(11.5%)
Capital Contributions	16,443,092	52,549,860	73,839,133	6,426,000	30,695,304	37,121,304	(29.4%)
Transfers	9,977,364	9,491,773	11,452,274	8,879,461	(2,872,167)	6,007,294	(36.7%)
Earmarked Reserves	0	57,131,886	75,802,352	10,528,000	50,592,763	61,120,763	7.0%
Contingency Reserve	0	22,256,025	24,591,175	22,758,000	1,791,175	24,549,175	10.3%
Encumbrance Reserve	36,345,051	32,551,317	36,345,051	36,345,051	0	36,345,051	11.7%
Total Non-Departmental	145,046,648	278,170,361	335,914,149	160,884,086	96,511,378	257,395,464	(7.5%)
TOTAL EXPENDITURES	645,648,360	817,107,260	892,710,749	744,005,235	89,517,609	833,522,844	2.0%

* As of March 31, 2001

City of San Jose **2002-2003 Adopted Budget** **SUMMARY OF CAPITAL FUNDS**

SOURCE OF FUNDS	2001-2002 Adopted Budget	2002-2003 Adopted Budget	Increase/ (Decrease)	% Increase/ (Decrease)
Beginning Fund Balances	472,203,400	538,036,276	65,832,876	13.9%
Sale of Bonds	336,906,000	488,187,000	151,281,000	44.9%
Revenue from Other Government Agencies	61,205,000	57,682,000	(3,523,000)	(5.8%)
Fees and Charges	49,610,000	40,711,000	(8,899,000)	(17.9%)
Transfers, Loans, and Contributions	173,496,860	553,418,203	379,921,343	219.0%
Interest Income on Invested Funds	21,494,000	15,666,147	(5,827,853)	(27.1%)
Miscellaneous Revenue	5,809,000	26,562,000	20,753,000	357.3%
Developer Contributions	39,950,000	35,738,000	(4,212,000)	(10.5%)
TOTAL SOURCE OF FUNDS	1,160,674,260	1,756,000,626	595,326,366	51.3%
USE OF FUNDS				
Construction Projects	867,231,260	828,458,304	(38,772,956)	(4.5%)
Transfers, Loans, and Contributions	51,670,000	33,087,079	(18,582,921)	(36.0%)
Earmarked Reserves	27,552,000	493,186,109	465,634,109	1690.0%
Other Non-Construction Items	32,704,000	100,473,000	67,769,000	207.2%
Ending Fund Balances	181,517,000	300,796,134	119,279,134	65.7%
TOTAL USE OF FUNDS	1,160,674,260	1,756,000,626	595,326,366	51.3%

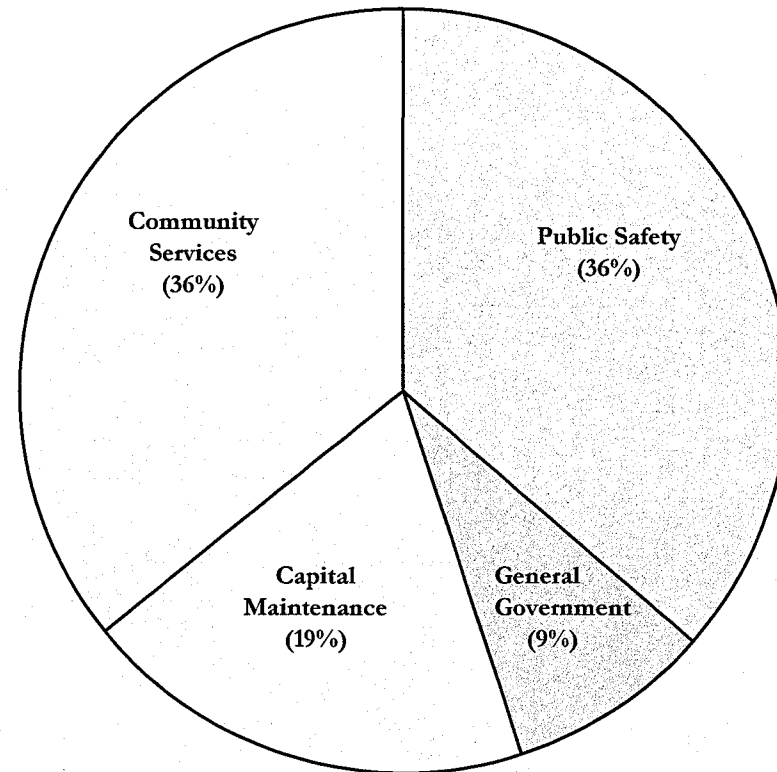
The Adopted 2002-2003 Capital Budget totals \$1.8 billion, an increase of \$595.3 million from the Adopted 2001-2002 Capital Budget, which totaled \$1.2 billion. The increase is mainly due to higher sale of bonds, increased miscellaneous revenues, loans, transfers and reserves, earmarked reserves and beginning and ending fund balances, offset by lower construction projects, fees and charges and interest income. Even with apparent signs of a slowing economy, significant resources are, or will be, available for investment in our community over the next five years. The Capital Budget includes branch library and parks and recreation projects supported by General Obligation Bonds, reflecting voter approval of Measures O & P on the November 2000 ballot, as well as the March 2002 Measure O "9-1-1, Fire, Police, Paramedic and Neighborhood Security Act" (Neighborhood Security Act Bond Measure). Almost \$59.5 million is planned for acquisition, construction, and renovation of park and recreation facilities, with \$39.1 million in fund balance to be available for future improvements. A total of \$37.2 million is included in the Adopted 2002-2003 Capital Budget for the initial construction of a new Police Substation four Community Policing Centers, a Driver Safety Training Facility, four new fire stations, and four relocated fire stations along with the remodel of 20 fire stations.

With the passage of the Branch Library and Parks and Recreation Bond and the Neighborhood Security Act, as well as with the continued efforts of the Strong Neighborhoods Initiatives, every neighborhood in the City will see improvements to its community facilities.

For a full discussion of capital projects, please refer to the Adopted 2002-2003 Capital Budget and 2003-2007 Capital Improvement Program.

**City of San Jose
2002-2003 Adopted Budget**

SUMMARY OF TOTAL STAFFING BY DEPARTMENT



Total Staffing by Department: 7,417.73

Public Safety Departments - provide for the safety of the public through crime and fire prevention and suppression efforts of the Police and Fire Departments.

Community Services Departments - provide for programs that affect citizens on a daily basis, such as Parks, Libraries, and Environmental Services

Capital Maintenance Departments - provide for the construction and maintenance of the City's infrastructure

General Government Departments - provide for the overall management and administrative functions of the City, including Employee Services, Finance, City Manager, Mayor and City Council, City Auditor, and City Clerk

City of San Jose
2002-2003
Adopted Budget
SUMMARY OF TOTAL STAFFING BY DEPARTMENT

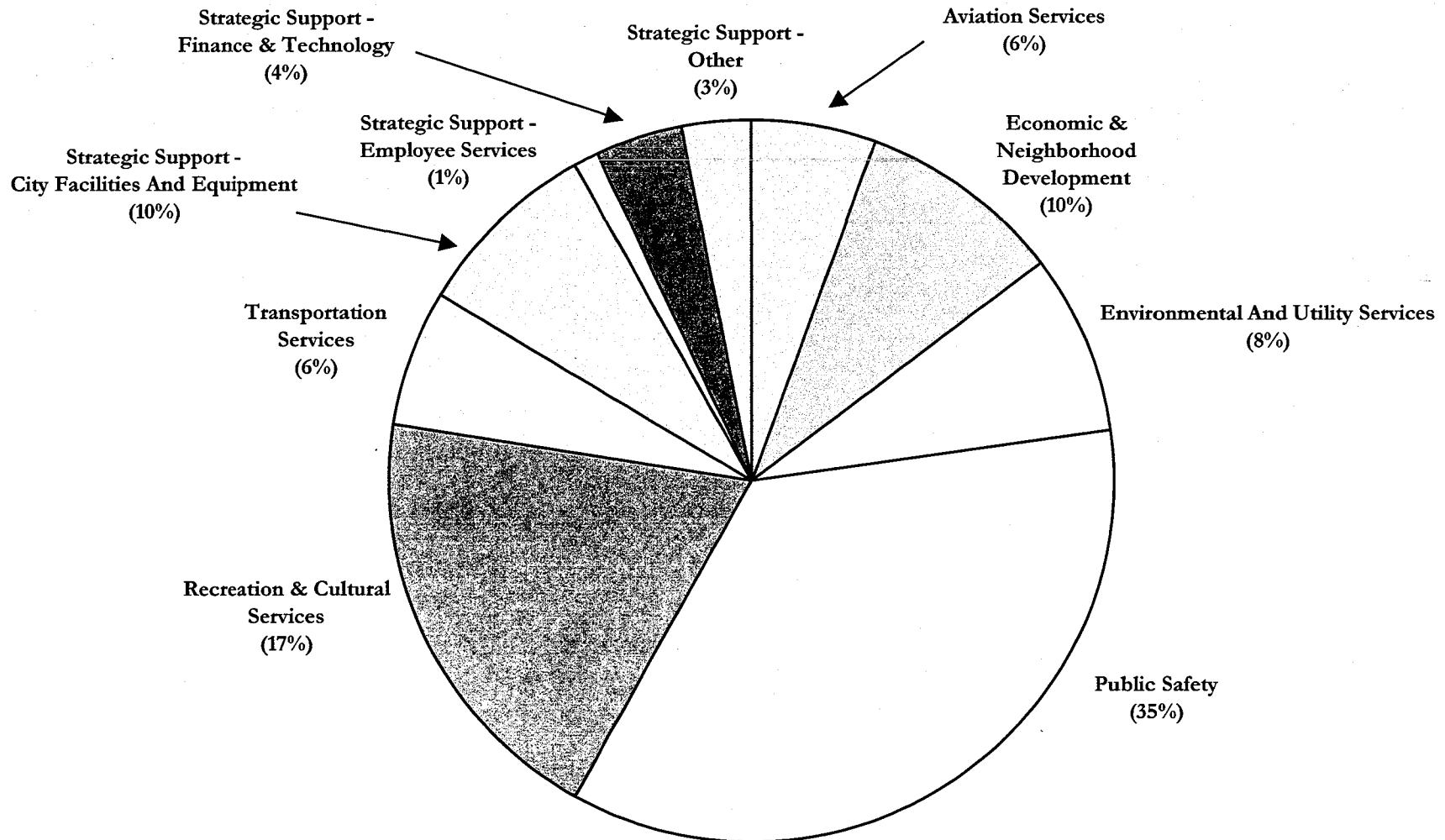
DEPARTMENT	2001-2002 Adopted	Reductions	Additions	Net Zero Interdepartment Transfers	Total Changes	2002-2003 Adopted
GENERAL GOVERNMENT DEPARTMENTS						
City Attorney	104.62	0.00	0.00	(4.00)	(4.00)	100.62
City Auditor	20.00	0.00	0.00	0.00	0.00	20.00
City Clerk	17.50	0.00	0.00	(1.00)	(1.00)	16.50
City Manager	65.50	(4.25)	2.75	7.00	5.50	71.00
City-Wide Expenses	19.00	(5.00)	0.00	0.00	(5.00)	14.00
Economic Development	35.00	0.00	14.00	0.00	14.00	49.00
Emergency Services	4.00	0.00	0.00	0.00	0.00	4.00
Employee Services	55.75	(7.50)	4.50	22.00	19.00	74.75
Equality Assurance	17.00	0.00	0.00	(17.00)	(17.00)	0.00
Finance	145.00	(4.00)	0.00	(22.00)	(26.00)	119.00
Independent Police Auditor	6.00	0.00	0.00	0.00	0.00	6.00
Information Technology	129.75	(4.50)	3.00	3.00	1.50	131.25
Redevelopment Agency	11.00	0.00	0.00	0.00	0.00	11.00
Retirement	22.50	0.00	0.00	0.00	0.00	22.50
Total General Government Departments	652.62	(25.25)	24.25	(12.00)	(13.00)	639.62
PUBLIC SAFETY DEPARTMENTS						
Fire	843.00	(6.00)	1.00	0.00	(5.00)	838.00
Police	1,886.99	(17.50)	1.00	0.00	(16.50)	1,870.49
Total Public Safety Departments	2,729.99	(23.50)	2.00	0.00	(21.50)	2,708.49
CAPITAL MAINTENANCE DEPARTMENTS						
General Services	380.50	(6.00)	6.00	4.00	4.00	384.50
Public Works	482.50	(8.00)	7.00	7.00	6.00	488.50
Transportation	538.00	(9.50)	5.00	0.00	(4.50)	533.50
Total Capital Maintenance Departments	1,401.00	(23.50)	18.00	11.00	5.50	1,406.50

City of San Jose
2002-2003
Adopted Budget
SUMMARY OF TOTAL STAFFING BY DEPARTMENT

DEPARTMENT (CONT'D.)	2001-2002 Adopted	Reductions	Additions	Net Zero Interdepartment Transfers	Total Changes	2002-2003 Adopted
COMMUNITY SERVICES DEPARTMENTS						
Airport	393.50	(1.37)	10.37	1.00	10.00	403.50
Conventions, Arts & Entertainment	151.56	(1.00)	0.00	(1.00)	(2.00)	149.56
Environmental Services	454.50	(12.00)	1.00	(1.00)	(12.00)	442.50
Housing	71.00	0.00	8.00	3.00	11.00	82.00
Library	359.63	(5.50)	6.00	0.00	0.50	360.13
Parks, Recreation and Neighborhood Services	862.01	(7.22)	24.64	(1.00)	16.42	878.43
Planning, Building and Code Enforcement	377.50	(32.50)	2.00	0.00	(30.50)	347.00
Total Community Services Departments	2,669.70	(59.59)	52.01	1.00	(6.58)	2,663.12
TOTAL DEPARTMENT STAFFING	7,453.31	(131.84)	96.26	0.00	(35.58)	7,417.73

City of San Jose
2002-2003 Adopted Budget

SUMMARY OF TOTAL STAFFING BY CITY SERVICE AREA



Total Staffing by City Service Area: 7,417.73

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL STAFFING BY CITY SERVICE AREA*

USE OF FUNDS	Department	2001-2002			Net-Zero	Total	2002-2003
		Adopted	Reductions	Additions	Inter-CSA Transfers	Changes	Adopted
AVIATION SERVICES							
Community Air Service	Airport						7.44
Airport Customer Service	Airport						284.42
Airport Environmental Management	Airport						29.70
Strategic Support							81.94
Total Aviation Services		N/A	N/A	N/A	N/A	N/A	403.50
ECONOMIC & NEIGHBORHOOD DEVELOPMENT							
Convention Facilities	CAE						102.74
Business/Job Attraction, Retention, Expansion and Creation	Econ Develop.						11.25
Workforce Development	Econ Develop.						33.50
Fire Safety Code Compliance	Fire						39.50
Increase the Affordable Housing Supply	Housing						12.00
Maintain the Existing Affordable Housing Supply	Housing						41.00
Provide Services to Homeless and At-Risk Population	Housing						6.00
Long Range Land Use Planning	PBCE						32.45
Development Plan Review and Building Construction Inspection	PBCE						208.45
Community Code Enforcement	PBCE						97.00
Regulate/Facilitate Private Development	Public Works						67.36
Strategic Support							47.35
Total Economic and Neighborhood Development		N/A	N/A	N/A	N/A	N/A	698.60
ENVIRONMENTAL AND UTILITY SERVICES							
Manage Recycling and Garbage Services	ESD						44.93
Manage Potable Water	ESD						31.87
Manage Recycled Water	ESD						21.15
Manage Wastewater	ESD						257.75
Manage Urban Runoff Quality	ESD						21.95
Protect Natural and Energy Resources	ESD						8.00
Sanitary Sewer Maintenance	Transportation						89.95
Storm Sewer Management	Transportation						51.20
Strategic Support							56.85
Total Environmental and Utility Services		N/A	N/A	N/A	N/A	N/A	583.65

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL STAFFING BY CITY SERVICE AREA*

USE OF FUNDS (CONT'D.)	Department	2001-2002			Net-Zero	Total	2002-2003
		Adopted	Reductions	Additions	Inter-CSA Transfers	Changes	Adopted
PUBLIC SAFETY							
Emergency Preparedness and Planning	Emergency Services						2.10
Emergency Response and Recovery	Emergency Services						1.75
Emergency Response	Fire						722.10
Fire Prevention	Fire						6.30
Independent Police Oversight	Ind. Police Auditor						4.50
Respond to Calls for Service	Police						1,085.50
Crime Prevention and Community Education	Police						110.59
Investigative Services	Police						357.00
Special Events Services	Police						7.00
Regulatory Services	Police						21.00
Strategic Support							299.15
Total Public Safety		N/A	N/A	N/A	N/A	N/A	2,616.99
RECREATION AND CULTURAL SERVICES							
Arts and Cultural Development	CAE						29.82
Outdoor Special Events	CAE						5.00
Parks and Civic Grounds Management	General Services						153.75
Provide Access to Information, Library Materials & Digital Resources	Library						316.25
Promote Lifelong Learning and Provide Educational Support	Library						13.90
Neighborhood Livability Services	PRNS						109.91
Life Enjoyment Services	PRNS						604.55
Community Strengthening Services	PRNS						125.00
Strategic Support							80.95
Total Recreation and Cultural Services		N/A	N/A	N/A	N/A	N/A	1,439.13

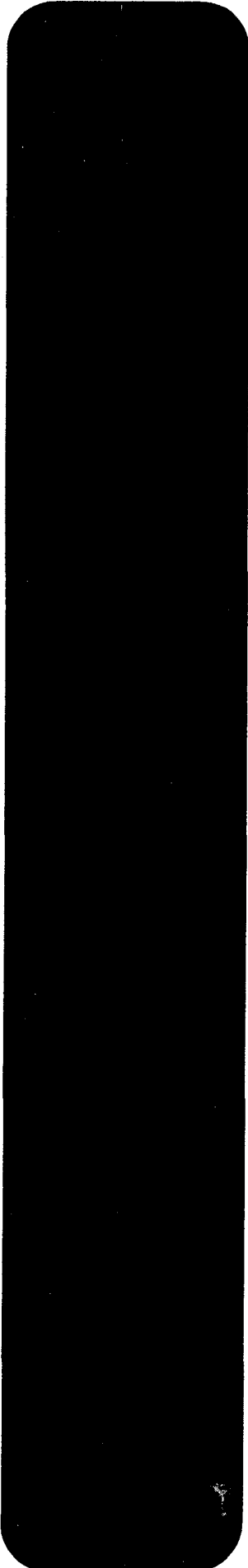
City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL STAFFING BY CITY SERVICE AREA*

USE OF FUNDS (CONT'D.)	Department	2001-2002			Net-Zero	Total	2002-2003
		Adopted	Reductions	Additions	Inter-CSA Transfers	Changes	Adopted
TRANSPORTATION SERVICES							
Traffic Safety Services	Police						62.00
Parking Services	Transportation						43.00
Street Landscape Maintenance	Transportation						72.30
Pavement Maintenance	Transportation						70.35
Transportation Operations	Transportation						85.50
Traffic Maintenance	Transportation						60.20
Transportation Planning	Transportation						40.00
Strategic Support							21.00
Total Transportation Services		N/A	N/A	N/A	N/A	N/A	454.35
STRATEGIC SUPPORT							
CITY FACILITIES AND EQUIPMENT							
Facilities Management	General Services						93.00
Fleet and Equipment Services	General Services						95.00
Plan, Design and Construct Public Facilities and Infrastructure	Public Works						347.17
Equality Assurance	Public Works						14.00
Strategic Support							69.47
Total City Facilities and Equipment		N/A	N/A	N/A	N/A	N/A	618.64
EMPLOYEE SERVICES							
Health and Safety	Employee Services						34.00
Employment Services	Employee Services						17.50
Employee Benefits	Employee Services						10.25
Training and Development	Employee Services						5.00
Administer Retirement Plans	Retirement						20.10
Strategic Support							10.40
Total Employee Services		N/A	N/A	N/A	N/A	N/A	97.25

City of San Jose
2002-2003 Adopted Budget
SUMMARY OF TOTAL STAFFING BY CITY SERVICE AREA*

USE OF FUNDS (CONT'D.)	Department	2001-2002			Net-Zero	Total	2002-2003
		Adopted	Reductions	Additions	Inter-CSA Transfers	Changes	Adopted
STRATEGIC SUPPORT (Cont'd.)							
FINANCE AND TECHNOLOGY							
Financial Management	Finance						63.44
Financial Reporting	Finance						21.60
Disbursements	Finance						20.00
Purchasing	General Services						14.70
Materials Management	General Services						18.55
Technology Strategic Planning	Info Technology						1.40
Technology Solutions Consulting	Info Technology						5.45
City-Wide Data Management	Info Technology						4.00
Network and Communication Services	Info Technology						45.13
Technology Customer Support	Info Technology						71.07
Strategic Support							18.16
Total Finance and Technology		N/A	N/A	N/A	N/A	N/A	283.50
OTHER							
Legal Transactions	City Attorney						39.12
Legal Representation	City Attorney						47.30
Audit Services	City Auditor						18.00
Facilitate the City's Legislative Process	City Clerk						14.50
Analyze, Develop and Recommend Public Policy	City Manager						26.30
Lead and Advance the Organization	City Manager						16.40
Manage and Coordinate City-Wide Service Delivery	City Manager						25.30
Strategic Support							35.20
Total Other		N/A	N/A	N/A	N/A	N/A	222.12
Total Strategic Support		N/A	N/A	N/A	N/A	N/A	1,221.51
TOTAL CITY SERVICE AREA USES		N/A	N/A	N/A	N/A	N/A	7,417.73

* As part of the transition to a Performance-Based Budget, Staffing by City Service Area information is only available for the 2002-2003 Adopted Budget.

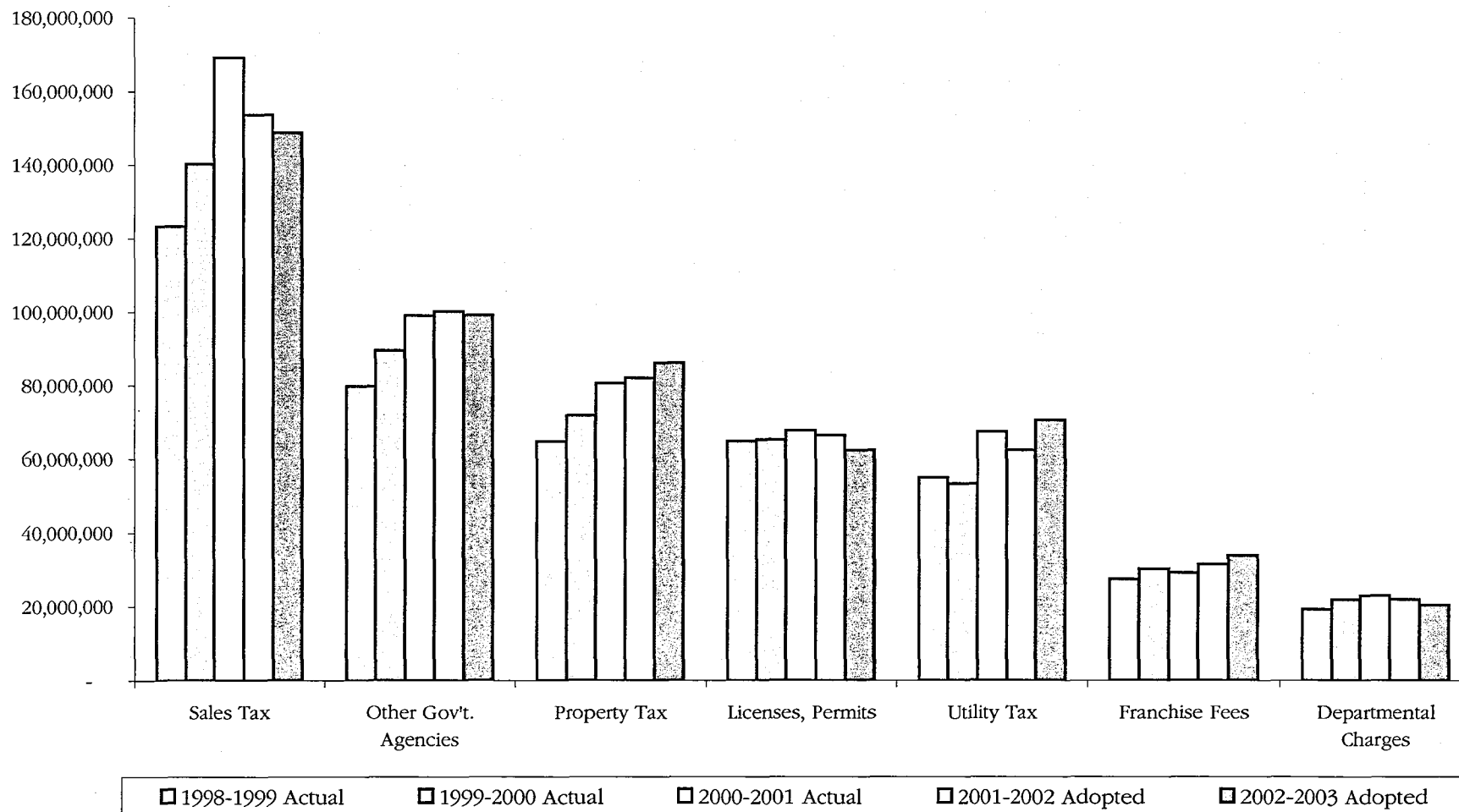


2002-2003

OPERATING BUDGET

**HISTORY AND
TREND
INFORMATION**

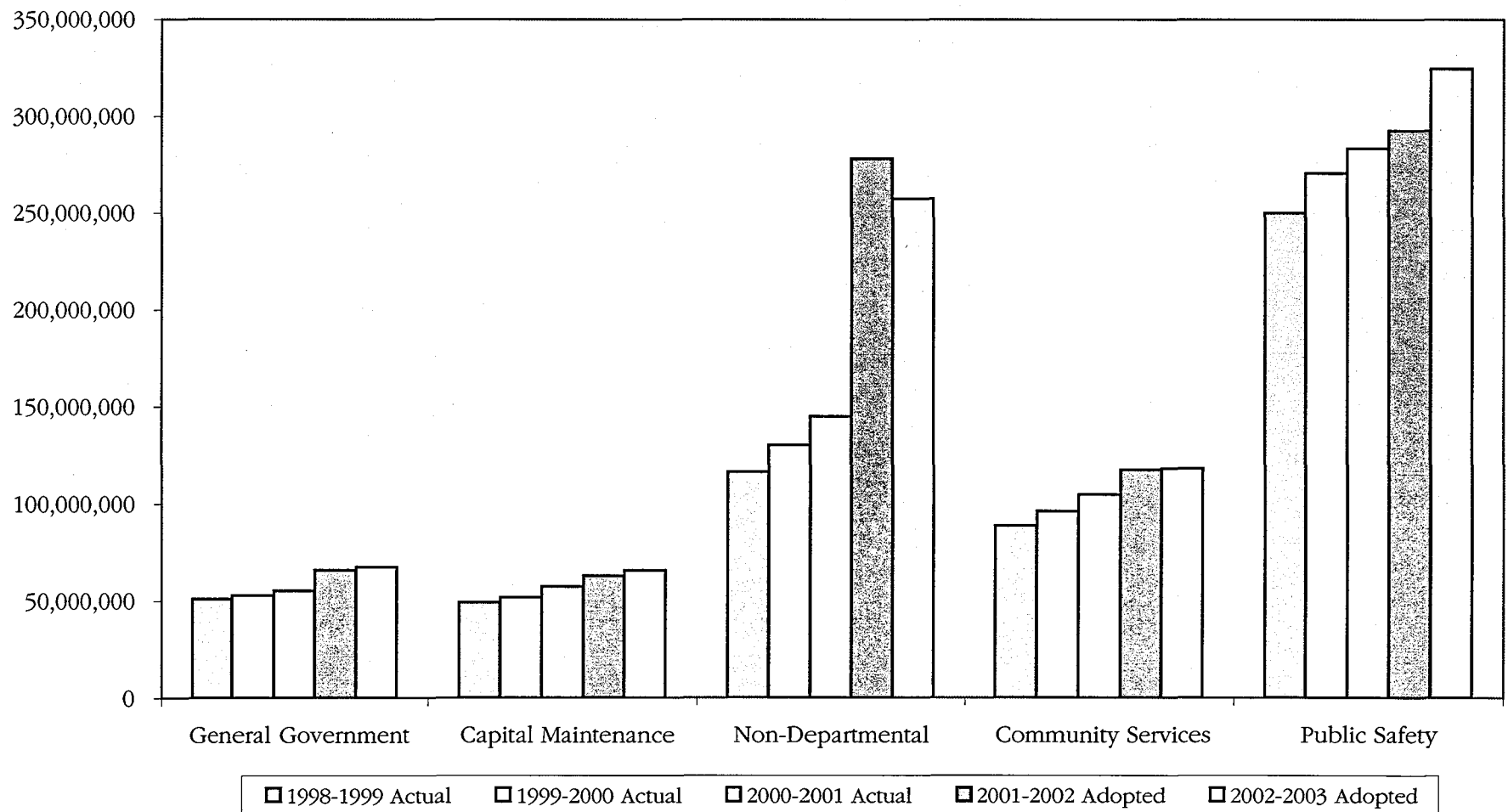
**City of San Jose
2002-2003 Adopted Budget
FIVE YEAR COMPARISON OF KEY GENERAL FUND SOURCES**



City of San Jose
2002-2003 Adopted Budget
FIVE YEAR COMPARISON OF GENERAL FUND SOURCES

	1	2	3	4	5
	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
SOURCE OF FUNDS	ACTUALS	ACTUALS	ACTUALS	ADOPTED	ADOPTED
FUND BALANCE					
Liquidation of Encumbrances	515,953	456,868	3,320,672	0	0
Encumbrances	21,164,295	24,062,873	29,230,648	32,551,317	36,345,051
Carryover	126,122,677	136,796,747	164,959,496	150,203,097	162,194,925
Total Fund Balance	147,802,925	161,316,488	197,510,816	182,754,414	198,539,976
GENERAL REVENUE					
Property Tax	64,820,891	71,970,853	80,693,571	82,167,000	86,278,000
Sales Tax	123,306,029	140,306,536	169,216,984	153,650,000	148,848,538
Transient Occupancy Tax	7,289,695	8,287,524	10,919,727	10,000,000	8,400,000
Franchise Fees	27,478,743	30,322,259	29,172,059	31,567,000	33,857,000
Utility Tax	55,067,123	53,425,760	67,446,481	62,520,000	70,673,000
Licenses and Permits	64,929,780	65,364,099	67,835,873	66,557,020	62,459,320
Fines, Forfeitures and Penalties	9,020,878	10,308,366	11,328,735	10,311,100	11,075,500
Rev. from Money & Property	17,874,719	17,202,339	22,354,551	15,261,500	13,094,500
Rev. from Local Agencies	33,519,340	34,030,502	38,233,073	41,269,522	39,271,631
Rev. from State Government	43,457,170	52,551,515	58,359,407	56,523,615	58,204,087
Rev. from Federal Government	2,910,039	3,048,666	2,529,147	2,380,658	1,776,489
Departmental Charges	19,267,806	21,838,512	22,933,335	21,919,258	20,454,300
Other Revenue	11,859,761	18,145,850	15,279,012	13,300,084	14,495,183
Total General Revenue	480,801,974	526,802,781	596,301,955	567,426,757	568,887,548
TRANSFERS AND REIMBURSEMENTS					
Overhead Reimbursements	19,692,650	24,554,180	26,059,597	28,293,561	29,784,161
Transfers	25,149,482	19,371,517	22,873,215	21,181,417	18,076,159
Reimbursements for Services	18,400,301	18,461,272	17,219,124	17,451,111	18,235,000
Total Transfers and Reimbursements	63,242,433	62,386,969	66,151,936	66,926,089	66,095,320
TOTAL SOURCE OF FUNDS	691,847,332	750,506,238	859,964,707	817,107,260	833,522,844

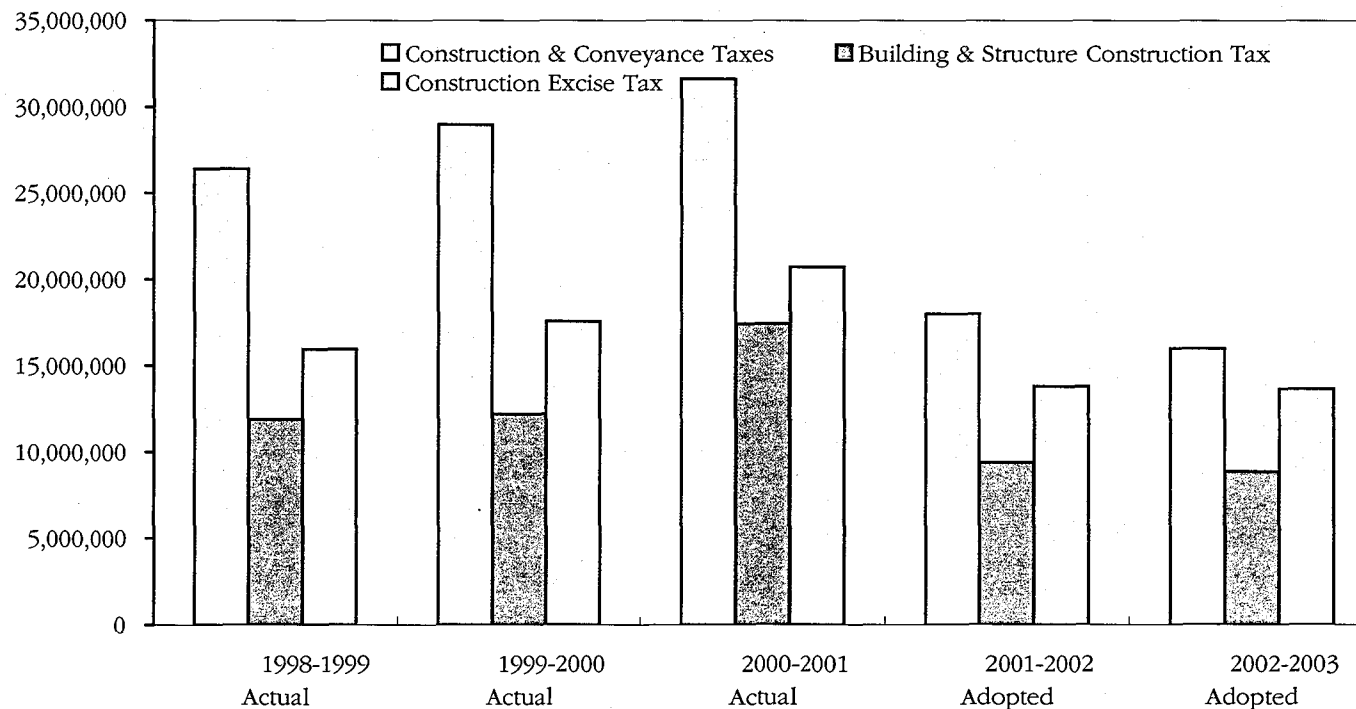
**City of San Jose
2002-2003 Adopted Budget
FIVE YEAR COMPARISON OF GENERAL FUND USES**



City of San Jose
2002-2003 Adopted Operating Budget
FIVE YEAR COMPARISON OF GENERAL FUND USES

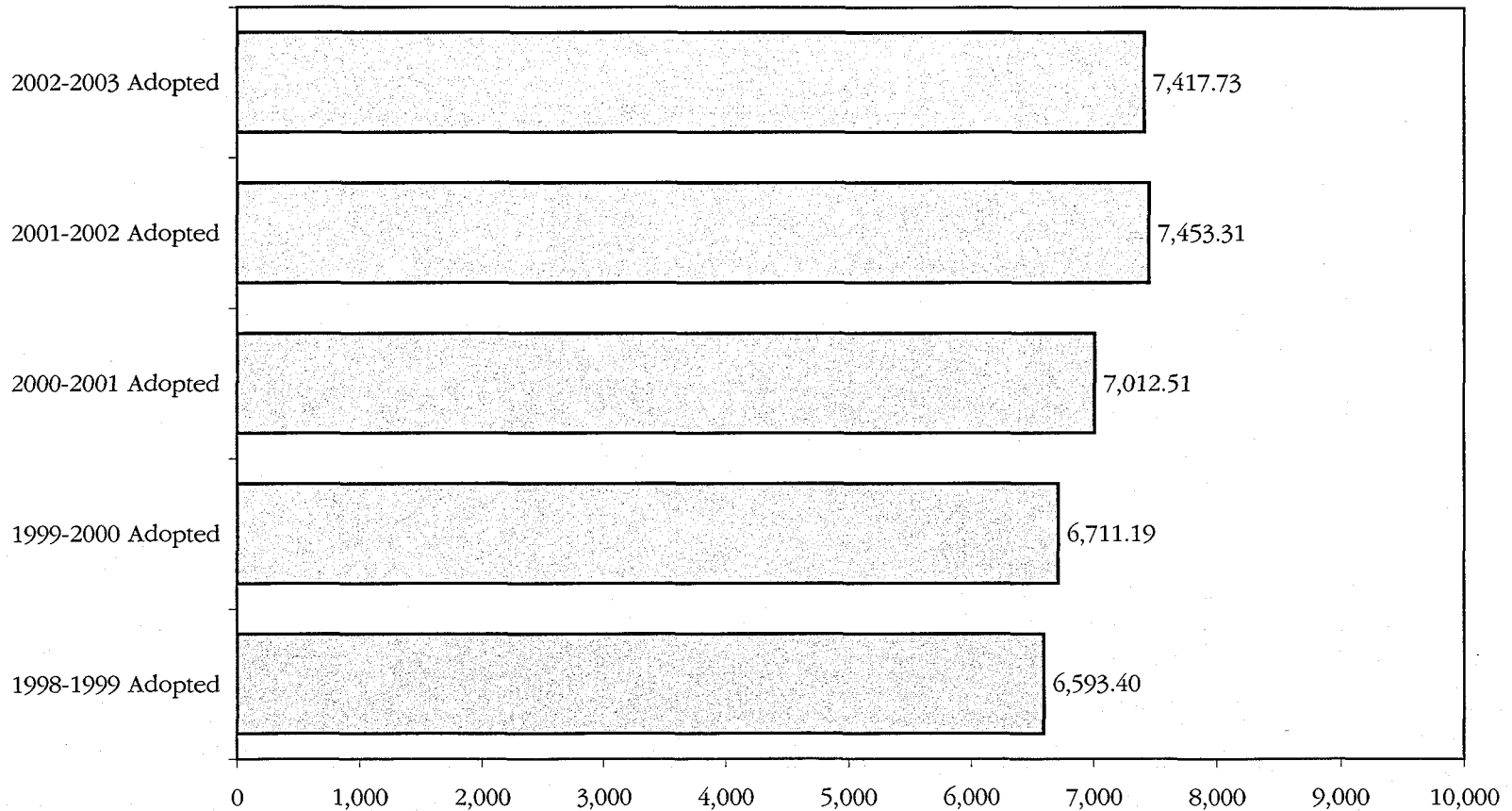
	1	2	3	4	5
	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
USE OF FUNDS	ACTUALS	ACTUALS	ACTUALS	ADOPTED	ADOPTED
GENERAL GOVERNMENT DEPARTMENTS					
City Attorney	8,704,629	9,276,904	9,721,672	10,397,487	11,149,524
City Auditor	1,719,808	1,927,752	2,147,750	2,301,302	2,385,056
City Clerk	1,426,342	1,362,458	1,712,711	1,725,446	1,529,411
City Manager	4,633,185	5,217,453	5,727,404	6,884,119	6,912,376
Civil Service Commission	19,117	18,293	18,576	22,508	22,508
Economic Development	2,153,219	2,097,995	1,758,519	2,355,813	2,042,718
Emergency Services	N/A	N/A	304,502	322,770	347,550
Employee Services	3,890,023	3,905,145	4,676,280	5,473,049	7,334,788
Equality Assurance	788,753	810,087	925,074	1,327,822	0
Finance	9,114,143	8,607,730	7,875,964	9,807,523	8,367,526
Independent Police Auditor	350,063	362,969	638,895	603,506	647,866
Information Technology	12,656,923	13,612,371	13,968,180	15,963,288	17,413,766
Mayor and City Council	4,311,739	4,453,072	4,751,824	7,134,685	7,602,284
Planning Commission	33,623	25,975	12,940	37,035	37,035
Redevelopment Agency	1,253,804	1,220,515	1,039,576	1,572,523	1,770,239
Total General Government Departments	51,055,371	52,898,719	55,279,867	65,928,876	67,562,647
PUBLIC SAFETY DEPARTMENTS					
Fire	82,368,381	89,523,670	93,860,871	91,303,011	108,216,633
Police	167,491,997	180,860,884	189,414,987	201,193,043	216,394,450
Total Public Safety Departments	249,860,378	270,384,554	283,275,858	292,496,054	324,611,083
CAPITAL MAINTENANCE DEPARTMENTS					
General Services	14,251,433	15,244,578	18,920,145	20,781,651	21,813,719
Public Works	9,149,024	8,078,245	9,294,226	9,431,782	8,895,644
Transportation	25,888,980	28,377,839	29,056,264	32,694,508	35,041,153
Total Capital Maintenance Departments	49,289,437	51,700,662	57,270,635	62,907,941	65,750,516
COMMUNITY SERVICES DEPARTMENTS					
Conventions, Arts & Entertainment	9,318,370	9,989,597	10,881,192	N/A	0
Environmental Services	1,628,525	1,567,815	1,802,606	2,633,750	1,756,614
Housing	0	0	N/A	0	281,207
Library	17,343,111	18,668,981	19,641,420	20,957,188	22,440,762
Parks, Recreation & Neighborhood Services	37,489,392	41,932,028	45,549,421	59,572,435	62,580,908
Planning, Building & Code Enforcement	23,020,526	24,071,796	26,900,713	34,440,655	31,143,643
Total Community Services Departments	88,799,924	96,230,217	104,775,352	117,604,028	118,203,134
Total Departmental	439,005,110	471,214,152	500,601,712	538,936,899	576,127,380
NON-DEPARTMENTAL					
City-Wide Expenses	68,947,041	73,619,769	82,281,141	104,189,500	92,251,877
Capital Contributions	13,178,803	11,872,089	16,443,092	52,549,860	37,121,304
Transfers	9,639,217	12,099,028	9,977,364	9,491,773	6,007,294
Earmarked Reserves	0	0	N/A	57,131,886	61,120,763
Contingency Reserve	0	0	N/A	22,256,025	24,549,175
Ending Fund Balance	0	0	0	0	0
Encumbrance Reserve	24,756,802	32,551,317	36,345,051	32,551,317	36,345,051
Total Non-Departmental	116,521,863	130,142,203	145,046,648	278,170,361	257,395,464
TOTAL USE OF FUNDS	555,526,973	601,356,355	645,648,360	817,107,260	833,522,844

City of San Jose
2002-2003 Adopted Budget
FIVE YEAR COMPARISON OF KEY CAPITAL SOURCES



- **Construction & Conveyance Taxes** - The Construction Tax is a flat fee assessed to residential, commercial and industrial development. The Conveyance Tax is a fee based on the value of property conveyed. These funds are dedicated to the Park and Community Facility Development, Communications, Fire, Library, and Service Yards capital programs.
- **Building & Structure Construction Tax** - The Building & Structure Construction Tax is a tax on residential, commercial and industrial development. These funds are used for traffic capital improvements.
- **Construction Excise Tax** - The Construction Excise Tax is a tax on the construction of residential, commercial and mobile home developments. This general tax is based on building valuation, and revenues produced are used primarily for traffic improvements.

**City of San Jose
2002-2003 Adopted Budget
FIVE YEAR COMPARISON OF STAFFING TOTALS**

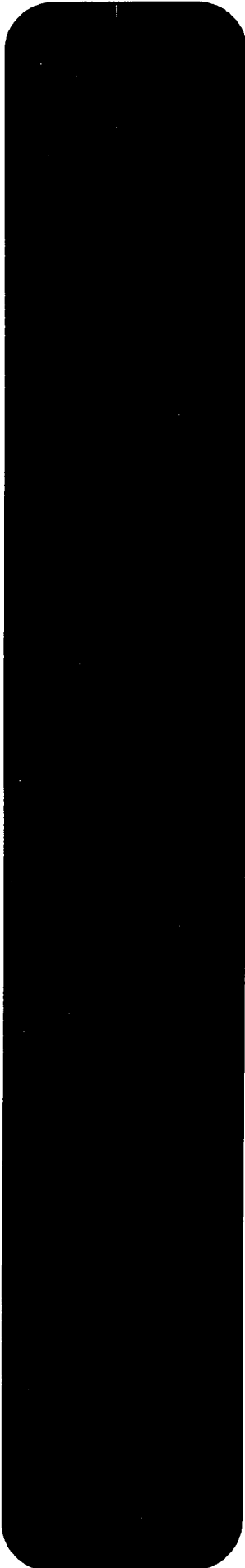


City of San Jose
2002-2003 Adopted Budget
FIVE YEAR COMPARISON OF STAFFING TOTALS

	1	2	3	4	5	4 to 5
	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	%
DEPARTMENT	Adopted	Adopted	Adopted	Adopted	Adopted	Change
GENERAL GOVERNMENT DEPARTMENTS						
City Attorney	100.50	100.50	101.50	104.62	100.62	(4.0%)
City Auditor	18.00	19.00	20.00	20.00	20.00	0.0%
City Clerk	17.00	16.50	16.50	17.50	16.50	(6.1%)
City Manager	60.75	60.50	66.50	65.50	71.00	7.7%
City-Wide Expenses	N/A	N/A	N/A	19.00	14.00	(35.7%)
Economic Development	13.00	14.00	27.00	35.00	49.00	28.6%
Emergency Services	N/A	3.00	4.00	4.00	4.00	0.0%
Employee Services	42.75	41.75	50.25	55.75	74.75	25.4%
Equality Assurance	11.00	15.00	17.00	17.00	0.00	100.0%
Finance	167.00	136.50	137.50	145.00	119.00	(21.8%)
Independent Police Auditor	4.00	4.00	6.00	6.00	6.00	0.0%
Information Technology	103.50	109.00	116.75	129.75	131.25	1.1%
Redevelopment Agency	14.00	13.00	11.00	11.00	11.00	0.0%
Retirement	14.00	14.00	22.50	22.50	22.50	0.0%
Total General Government Departments	565.50	546.75	596.50	652.62	639.62	(2.0%)
PUBLIC SAFETY DEPARTMENTS						
Fire	792.00	808.00	829.00	843.00	838.00	(0.6%)
Police	1,836.50	1,839.00	1,860.49	1,886.99	1,870.49	(0.9%)
Total Public Safety Departments	2,628.50	2,647.00	2,689.49	2,729.99	2,708.49	(0.8%)
CAPITAL MAINTENANCE DEPARTMENTS						
General Services	351.25	358.75	365.50	380.50	384.50	1.0%
Public Works	405.00	405.00	456.00	482.50	488.50	1.2%
Transportation	451.50	456.00	471.50	538.00	533.50	(0.8%)
Total Capital Maintenance Departments	1,207.75	1,219.75	1,293.00	1,401.00	1,406.50	0.4%

City of San Jose
2002-2003 Adopted Budget
FIVE YEAR COMPARISON OF STAFFING TOTALS

DEPARTMENT (CONT'D.)	1 1998-1999 Adopted	2 1999-2000 Adopted	3 2000-2001 Adopted	4 2001-2002 Adopted	5 2002-2003 Adopted	4 to 5 % Change
COMMUNITY SERVICES DEPARTMENTS						
Airport	308.00	324.00	354.00	393.50	403.50	2.5%
Conventions, Arts and Entertainment	302.24	296.71	305.95	151.56	149.56	(1.3%)
Environmental Services	444.00	468.00	472.00	454.50	442.50	(2.7%)
Housing	59.00	68.00	70.00	71.00	82.00	13.4%
Library	338.98	342.48	345.63	359.63	360.13	0.1%
Parks, Recreation and Neighborhood Services	437.43	484.00	553.94	862.01	878.43	1.9%
Planning, Building and Code Enforcement	302.00	314.50	332.00	377.50	347.00	(8.8%)
Total Community Services Departments	2,191.65	2,297.69	2,433.52	2,669.70	2,663.12	(0.2%)
TOTAL ALL DEPARTMENTS	6,593.40	6,711.19	7,012.51	7,453.31	7,417.73	(0.5%)



2002-2003

OPERATING BUDGET

**BUDGET POLICIES
AND
PRACTICES**

BUDGET POLICIES & PRACTICES

Budget Policies

The Operating and Capital Budgets and the Capital Improvement Program are prepared and administered in accordance with several sources of policy direction. First, the City Charter requires that the budgets are balanced, include a complete financial plan for all city funds, and meet certain legal deadlines for submittal. Second, the City Council has established budget policies. These policies include guidelines, standards, and requirements for preparation and monitoring of both the Operating and Capital Budgets. The complete text of the adopted budget policies follows. Third, the budgets are developed in accordance with the Mayor's budget priorities and direction as approved by the City Council in March and June of each year. Fourth, recommendations of special studies by Council-appointed task forces, boards, commissions, and committees may be considered upon the direction of the City Council. Finally, public input is considered throughout the process, with scheduled public hearings at key Council decision points.

A. Operating Budget

1. Overall

The budget should be a performance, financing, and spending plan agreed to by the Mayor, City Council, City Manager and other Council Appointees, and Department Heads. It should contain information and data regarding expected revenues (inputs), expected expenditures and expected performance (outputs). During the fiscal year, actual experience (revenues, expenditures, and performance) will be periodically measured against the plan.

The City will prepare and annually refine written goals and policies to guide the preparation of financing, spending, and performance plans for the City budget. Proposed budgets will comply with the adopted budget policies and Council priorities.

The City uses a performance-based budget. The core service is the lowest level in the organization for which budgets are prepared. Each core service budget will include financing and spending plans. Each core service will also propose an annual performance plan. The plan must identify ongoing performance targets and corresponding indicators, which measure performance. The plan should also include specific performance targets, which will have results during the budget year. All performance at the core service level must be consistent with the mission statements at the department level and the outcomes of the City Service Area at the City level, meeting the performance as well as budget goals and policies established by the Mayor and City Council.

Department and program managers will not exceed the Council-approved appropriations in any fund. Appropriations for departmental operations are approved by Council in two categories: Personal Services and Non-Personal/Equipment. These appropriations are shown in the departmental budgets. In addition, appropriations are approved for Capital Projects, City-Wide projects, and other targeted functions within

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

A. Operating Budget (Cont'd.)

1. Overall (Cont'd.)

special and capital funds. The City Council may approve modifications to these appropriations throughout the year as warranted by revenue collections and activity demands.

2. Fiscal Integrity

The City will maintain the fiscal integrity of its operating, debt service, and capital improvement budgets which provide services and maintain public facilities, streets, and utilities.

Ongoing operating program costs will not exceed the amount of ongoing revenue to finance those costs. The ongoing revenue source will be identified along with new program costs. Any available carryover balance will only be used to offset one-time costs.

3. Contingent Accounts

Three different contingency accounts should be established:

a. Contingency Reserve

For the General Fund, a contingency reserve amount, which is a minimum of 3% of the operating budget, is established. The purpose of this reserve is to meet unexpected circumstances, such as a general fund revenue shortfall.

Appropriate levels of contingency funds will be determined and maintained in the capital and special funds.

b. Earmarked Reserve

Create an earmarked reserve for known but unspecified expenses that can be spent throughout the year as Council authorizes.

c. Emergency Reserve

An adequate emergency reserve (Fund 406), as mandated by the City Charter, shall be determined and maintained.

4. Fund Balance

The appropriation of carryover fund balance must be approved judiciously. This should ensure that ongoing expenditures will be budgeted only to the extent that proven revenue streams exist.

In the annual budget, and in subsequent reports, there will be a presentation on fund balances and their anticipated uses.

5. Mid-Year Adjustments

Mid-year budget adjustments recommended by Council Committees, Task Forces, or the full Council, should be referred to the Mid-Year Budget Review or the Annual Budget Process for consideration along with other competing budget needs and

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

A. Operating Budget (Cont'd.)

5. *Mid-Year Adjustments (Cont'd.)*

priorities. In general, ongoing budget changes should be dealt with during the Annual Budget Process while one-time budget changes may be considered during either the Mid-Year Budget Review or during the Annual Budget Process. Exceptions to this policy must be reviewed by the City Manager and Mayor.

The authority to make expenditures in accordance with a City Council approved spending plan is only valid as long as the receipt of revenue for the budgets is equal to or greater than estimated expenditures.

All appropriation amendments and revenue estimate changes will be reported in the monthly financial report.

6. *Overhead Cost Allocation*

All overhead costs shall be allocated to the appropriate program within the limits of state and federal law.

7. *Budget System*

The City will maintain a budget control system to adhere to the budget.

There will be delivery of a proposed budget, in accordance with the adopted budget schedule, which accurately depicts the financial condition and goals of the City. This

budget should be in a form that enables decision makers to set the direction and policy of the City.

The proposed budget will illustrate the general fund, special funds, and capital funds so that the entire resources of the City may be comprehensively viewed for decision making.

Decision making for capital improvements will be coordinated with the operating budget to make effective use of the City's limited resources for operating and maintaining facilities.

The annual appropriation ordinance will include the adoption of the annual revenue estimates.

Budget detail shall contain line item detail for the program spending plan, a personnel summary report listing the types of positions for each program, and a corresponding program performance plan. It shall also contain department and fund summaries for spending and personnel as well as a detailed financing plan for the program.

8. *Debt*

The City Council adopted a Debt Management Policy that establishes the following equally important objectives:

- Minimize debt service and issuance costs;
- Maintain access to cost-effective borrowing;

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

A. Operating Budget (Cont'd.)

8. *Debt (Cont'd.)*

- Achieve the highest practical credit rating;
- Full and timely repayment of debt;
- Maintain full and complete financial disclosure and reporting;
- Ensure compliance with applicable State and Federal laws.

9. *Self Insurance*

The budget will provide for the adequate funding of the City's self-insurance funds.

10. *Capital and Equipment Maintenance*

The budget will provide for the adequate maintenance of capital plant and equipment and for their orderly replacement.

11. *Retirement*

The budget will provide for the adequate funding of all retirement systems.

12. *Monthly Report*

The Administration will prepare regular monthly reports comparing actual revenues and expenditures to budgeted amounts.

The budget will be produced so that it can be directly compared to the actual results of the fiscal year and presented in a timely monthly report.

All budget amendments, both revenues and expenditures, will be noted in the monthly report.

13. *Multi-Year Estimates*

Each year, the City will update expenditure and revenue projections for the next five years. Projections will include estimated operating costs of future capital improvements that are included in the capital budget.

This budget data will be presented to elected officials in a form that will facilitate annual budget decisions, based on a multi-year strategic planning perspective.

14. *Performance and Productivity*

The City will integrate performance measurement and productivity indicators within the budget. Performance objectives and service levels will be submitted, prior to implementation, for all new and existing programs established during the budget process. The selection of performance standards should be made on the basis of information reliability, relevance to current year budget change proposals, and value to Mayor/Council and Manager decision making.

The City will promote the understanding that City employees are the most valuable resource of the City and their understanding and involvement in the budget process is crucial to the continued success of City government.

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

A. Operating Budget (Cont'd.)

14. Performance and Productivity *(Cont'd.)*

The City will employ good management practices when planning for service delivery by including in budget requests money to pursue activities such as:

- a. office automation and computer applications that increase productivity
- b. equipment modernization
- c. work-flow simplification
- d. risk management/employee safety
- e. preventive maintenance
- f. energy conservation
- g. life-cycle costing in purchasing of equipment
- h. lease-purchase options for high cost equipment, purchases which reduce operating expenses
- i. performance planning, reporting, and evaluation
- j. employee training

The City will prepare and evaluate program performance plans that relate to financing and spending plans in the annual City budget.

15. Citizen Involvement

Citizen involvement shall be encouraged in the annual budget decision making process through public hearings and informal meetings.

16. Distinguished Budget Presentation

The approved budget shall be submitted to the Government Finance Officers Association for consideration in the award for Distinguished Budget Presentation. It shall also be submitted to the California State Municipal Finance Officers for their consideration.

17. Fees

Fees shall be set to cover 100% of the cost of service delivery, unless such amount prevents an individual from obtaining an essential service. Fees or service charges should not be established to generate money in excess of the cost of providing service.

Fees may be less than 100% if Council determines that other factors (e.g., market forces, competitive position, etc.) need to be recognized.

18. Nonprofit Organizations

Future funding decisions regarding nonprofit organizations will be based on guidelines, policies, and priorities determined by the City Council and availability of financing based on General Fund spending priorities.

The City shall execute performance contracts with those agencies that receive City funding.

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

A. Operating Budget (Cont'd.)

19. Master Plans

Master plans for particular service areas brought forward for Council consideration shall include possible options for capital and operating financing. Master plans shall be required to propose funding mechanisms for all recommendations.

20. Healthy Neighborhoods Venture Fund Spending Plan

Beginning in 1999-2000, the City will receive an estimated \$250 million over a 25-year period from the national settlement with tobacco companies. These funds shall be allocated using the following methodology as a guideline for distributing funds. Funds may be used for projects that cut across the three funding areas.

1. Anti-Tobacco / Anti-Smoking / Health – Twenty-five percent (25%) of the settlement proceeds collected in any fiscal year shall be expended for existing or new anti-tobacco programs including, but not limited to: sales licensing; law enforcement; code enforcement; anti-tobacco public education or marketing; anti-smoking; and cessation programming and health services. The goal is to decrease the use of tobacco products and related health problems associated with tobacco use for San Jose residents, contributing to improved overall health for the City's population.
2. Education/Health – Fifty percent (50%) of the settlement proceeds collected in any fiscal year shall be expended for new education programs or expansion of existing education programs, including, but not limited to: art and music education; homework centers; mentoring; school safety; gang prevention/intervention centers; and healthcare programs. These activities may be eligible to include some element of anti-tobacco programs and related funding as a part of regular programming. The goal is to improve academic success of San Jose students through programs that address unmet health care needs, provide for healthy developmental age appropriate activities at school sites, and pilot innovative classroom related activities and instruction.
3. Seniors/Health – Twenty-five percent (25%) of the settlement proceeds collected in any given fiscal year shall be expended for new senior programs or the expansion of existing senior programs, which may include an element of anti-tobacco programming, and for senior discount programs for City provided services. The goal is to improve the quality of life for seniors by increasing subsidized programs and services, providing for basic health and nutritional needs, and promoting independent living through social and recreational activities.

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

A. Operating Budget (Cont'd.)

20. *Healthy Neighborhoods Venture Fund Spending Plan (Cont'd.)*

3. Seniors/Health – (Cont'd.)

- a. Senior programs may include, but are not limited to: nutrition; senior adult day care; education; recreation; elder abuse protective services programs; and senior housing programs.
- b. Senior discount programs may include discounts for sewer, garbage, transit, recreation, and other services or programs. The term discount shall mean the reduction of a fee or charge in any amount up to and including a 100 percent reduction.
- c) Funding of projects increasing the accessibility and affordability of health services for seniors shall be eligible.

B. Capital Improvement Program

1. *Fiscal Policies*

Capital project proposals should include complete, reliable, and attainable cost estimates. Based upon a thorough analysis of the project, project cost estimates for the Five-Year Capital Improvement Plan will vary in reliability depending upon whether they are to be undertaken in the first or fifth year of the Plan. Project estimates for the Five-Year

Capital Improvement Plan should include the basis on which the project costs were prepared (conceptual design, master plan, etc.), and the reliability of those estimated costs.

Capital project proposals should include a comprehensive resource plan. This plan should include the amount and type of resources required, and the funding and financing strategies to be employed. The specific fund and timing should be outlined. The plan should indicate resources needed to complete any given phase of a project in addition to the total project. The City Manager's Budget Office is responsible and accountable for providing Council with an accurate, comprehensive resource plan.

Changes in project estimates for the comprehensive resource plan should be fully reported to the City Council for review and approval.

Project proposals should indicate the project impact on the operating budget.

At the time of contract award, each project shall include reasonable provision for contingencies:

- a) The amount set aside for contingencies shall correspond with industry standards and shall not exceed 5%, or a percentage as otherwise determined by the City Council, of the total contract amount.

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

B. Capital Improvement Program (Cont'd.)

1. Fiscal Policies (Cont'd.)

- b) Project contingencies may, unless otherwise determined by the City Council, be utilized only to compensate for unforeseen circumstances requiring additional funds to complete the project within the original project scope and identified needs.
- c) For budgeting purposes, project contingencies are a reasonable estimating tool. At the time of contract award the project's budgeted appropriation, including contingency, will be replaced with a new appropriation equal to the approved project contract contingency developed in the manner described above.

The City Administration shall seek ways of ensuring that administrative costs of carrying out the Capital Improvement Program are kept at appropriate levels.

The Annual Capital Budget shall include only those projects which can reasonably be accomplished in the time frame indicated. Multi-year budgeting of projects shall be used to ensure a reasonable time frame for projecting costs. The detail sheet for each budgeted capital project should include a projected schedule.

The status of all capital projects, and the entire Capital Budget, will be monitored by the full Council as part of the Mid-Year Budget Review. Large projects of crucial importance may be monitored on a more frequent basis, as determined by the City Council.

Capital projects which are not encumbered or completed during the fiscal year will be rebudgeted to the next fiscal year except as reported to and subsequently approved by the City Council. All rebudgeted capital projects should be so noted in the Proposed Capital Budget.

2. Capital Improvement Plan Policies

Citizen participation in the Capital Improvement Program is a priority concern for the City. Among the activities conducted to address this need are the following:

- a) The Capital Improvement Plan shall be provided to the City Council in a timely manner as required by the City Charter to allow for Council members to review the proposal with constituents before it is considered for adoption.
- b) Council study sessions on the Capital Improvement Plan shall be open to the public and advertised sufficiently in advance of the meetings to allow for the attendance of interested citizens.

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

B. Capital Improvement Program (Cont'd.)

2. *Capital Improvement Plan Policies* (Cont'd.)

- c) Prior to the adoption of the Capital Improvement Plan the City Council shall hold noticed public hearings to provide an opportunity for citizens to express their opinions on the proposed plan.
- d) The City Planning Commission shall review the proposed Capital Improvement Plan and provide their comments on its contents before the Council considers the plan for adoption.

All projects included in the Capital Improvement Program shall be consistent with the City's General Plan. The services and facilities and transportation goals and policies should be followed in the development of the Capital Improvement Plan. The General Plan service level goals will be clearly stated in the Capital Improvement Program.

Capital projects shall be financed to the greatest extent possible through user fees and benefit districts where direct benefit to users results from construction of the project.

The Council will annually review and establish criteria against which proposed capital improvement projects should be measured. Included among the factors that will

be considered for priority ranking are the following:

- Projects that have a positive impact on the operating budget (reduced expenditures, increased revenues);
- Projects that are programmed in the Five-Year Operating Budget Forecast;
- Projects that can be completed or significantly advanced during the Five-Year Capital Improvement Plan;
- Projects that can realistically be accomplished during the year they are scheduled;
- Projects that implement prior Council-adopted reports and strategies.

Projects that involve inter-governmental cooperation in planning and funding should be established by an agreement that sets forth the basic responsibilities of the parties involved.

3. *Debt Policies*

The City Council has adopted a Debt Management Policy which establishes the following equally important objectives:

- Minimize debt service and issuance costs;
- Maintain access to cost-effective borrowing;
- Achieve the highest practical credit rating;
- Full and timely repayment of debt;

BUDGET POLICIES & PRACTICES

Budget Policies (Cont'd.)

B. Capital Improvement Program (Cont'd.)

- Ensure compliance with applicable State and Federal laws.

3. Debt Policies (Cont'd.)

- Maintain full and complete financial disclosure and reporting;

Significant Accounting Practices

The following information summarizes the significant accounting practices at the City of San Jose.

Budgetary Basis

Except for the fact that encumbrances are recognized as the equivalent of expenditures, the budget has been prepared on a modified accrual basis. The modified accrual basis recognizes expenditures when the related fund liability is incurred. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Fund Structure and Basis of Accounting

The budget is prepared in accordance with generally accepted accounting principles. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets,

liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into three broad fund categories (governmental, proprietary, and fiduciary) and two account groups (general fixed assets and general long-term debt). A general description of each follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. Governmental funds include the General, Special Revenue, Debt Service, and Capital Projects funds of the City. These funds are maintained on a modified accrual basis where the measurement focus is upon determination of changes in financial position rather than upon net income.

BUDGET POLICIES & PRACTICES

Significant Accounting Practices (Cont'd.)

Proprietary Fund Types

Proprietary funds, which include Enterprise and Internal Service Funds, are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. These funds are used where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

These costs of providing goods or services to the public, or by one department to another, on a continuing basis are financed, or recovered, primarily through user charges. Proprietary funds are maintained on an accrual basis of accounting where the measurement focus is upon determination of net income. Under this method, revenues are recovered when earned and expenses are recorded at the time liabilities are incurred.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an

agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary Fund Types include Expendable Trust, Nonexpendable Trust, and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Account Groups

Account groups, which are not "funds", are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The General Fixed Asset Account Group was established to account for fixed assets of the City, other than those accounted for in the proprietary funds. The General Long-Term Debt Account Group was established to account for all long-term debt of the City expected to be financed from governmental funds.

BUDGET POLICIES & PRACTICES

Debt Service Obligations

Overview

The City's debt service obligations include general obligation bonds, revenue bonds (enterprise funds), City of San Jose Financing Authority lease revenue bonds, commercial paper, special assessment bonds, community facilities district bonds, Redevelopment Agency debt and capital lease obligations.

- **General obligation bonds** are issued to finance various public improvements in the City for which the primary collateral for repayment is the ad valorem tax on property within the City.
- **Revenue bonds** are issued to acquire or construct assets owned by the City whereby the City pledges income derived from the asset or enterprise to pay the debt service.
- **City of San Jose Financing Authority lease revenue bonds** are secured by revenues that are defined under Trust Agreements and generally include lease payments received by the Authority under a Project Lease. The City makes the lease payments to the Authority and covenants to annually appropriate funds. These payments are included in the City Budget as part of the annual appropriation process. An exception applies to Reassessment Revenue Bonds Series 1994A and 1994B that were issued to refund six series of the City of San Jose Improvement District Bonds.
- **Commercial paper** is a short-term promissory note issued by the City or its political subdivisions that has a maturity of 270 days or less. Maturing commercial paper (CP) notes are repaid from the proceeds of sale of new CP notes or bonds or from other funds provided by the City. In November 1999, the Norman Y. Mineta San Jose International Airport implemented its \$100 million CP program to provide funding for improvements under the Airport Master Plan.
- **Special assessment bonds** are issued to pay for public infrastructure improvement costs in special assessment districts and are fully secured by liens against the privately owned properties benefited by the improvements for which the bonds were issued.
- **Community facilities district bonds** are issued to finance the construction and/or acquisition of facilities and the provision of certain services in community facilities districts (CFDs). The source of repayment for CFD bonds is a special tax on privately owned properties within the CFD.
- **Redevelopment Agency debt** is issued to construct public improvements in redevelopment project areas in accordance with California Community Redevelopment law. The principal source of repayment for Redevelopment Agency debt is future property tax increment revenues.
- **For capital lease obligations**, the City Council has adopted a general debt management policy which allows flexibility when opportunities arise, but at the same time establishes parameters for entering into debt/lease obligations. In addition, Council has approved a supplemental Multifamily Housing Revenue Bond Policy and Residential Development Guidelines.

BUDGET POLICIES & PRACTICES

Debt Service Obligations (Cont'd.)

The City of San Jose Charter establishes the following requirements associated with debt limitations:

- Section 1216 sets the bonded debt limit for general obligation bonds at fifteen percent (15%) of the total assessed valuation of all the real and personal property within the City.
- Section 1220 establishes the power of the City Council to issue revenue bonds to finance the acquisition, construction, establishment, expansion, improvement, maintenance, operation, and administration of off-street vehicular parking facilities within the City or of municipal airport facilities. No additional authorization is necessary to issue bonds under this section of the City Charter.
- Section 1221 provides that no revenue bonds may be issued by the City for the purpose of supplying its inhabitants, or any portion thereof, with water, light, heat, power, railroad, or motor vehicle transportation services (other than airport service), or telephone, telegraph, or wireless communication service unless authorized by the affirmative vote of a majority of the electors voting on such a proposition in each case.
- Section 1222 states that revenue bonds may be issued by the City for any purposes other than those specified in Sections 1220 and 1221 only under and pursuant to the laws of the State of California.

BUDGET POLICIES & PRACTICES

Debt Status and Capacity

The City of San Jose Charter limits bonded indebtedness for General Obligation bonds to fifteen percent (15%) of the total assessed valuation of all real and personal property within the City. The total taxable assessed value on the City's 2002-2003 tax roll is estimated at \$86.3 billion, which results in a total debt capacity of approximately \$12.95 billion. The City issued \$71 million in General Obligation debt in June 2001 and issued an additional \$116.09 million in July 2002.

The City, City of San Jose Financing Authority, and Redevelopment Agency total estimated outstanding debt as of June 30, 2002 is \$2.69 billion (See Table A). It should be noted that long-term lease obligations are not considered indebtedness under the State Constitution.

The Debt Management Policy for the City was adopted by the City Council on May 21, 2002. The first set of program-specific policies, related to the City's multifamily housing program, was adopted by the City Council on June 4, 2002.

During 2002-2003 the Business Plan of the Finance and Technology City Service Area includes development of additional program-specific policies tailored to certain types of financings which may include, but are not limited to, the City's general obligation, lease revenue, enterprise and land-secured financings.

Descriptions of the City of San Jose's debt activity for 2001-2002 as well as issues planned for 2002-2003 are provided in the following sections.

2001-2002 Debt Issues

The Finance Department worked with several City departments on projects that resulted in debt financing during 2001-2002.

- **Convention Center Refunding** The outstanding lease revenue bonds for the Convention Center were issued in 1993 to advance refund of the 1986 Certificates of Participation. The 1993 Bonds were eligible for a current refunding 90 days prior to their September 1, 2001 call date. As a result, \$186.15 million of tax-exempt lease revenue bonds (Series 2001F) and \$4.58 million of taxable lease revenue bonds (Series 2001G) were issued by the City of San Jose Financing Authority on

July 26, 2001, resulting in net present value savings of 12.02% or \$22.5 million.

- **General Airport Revenue Bonds, Series 2001A** On August 14, 2001, the City issued \$158.5 million in general airport revenue bonds to provide funding for the costs associated with extending and reconstructing runways 30R and 30L. Proceeds from this series of bonds were used to pay off the tax-exempt commercial paper used to fund a portion of the project costs and provided the remainder of the funding for the two runway projects.

BUDGET POLICIES & PRACTICES

2001-2002 Debt Issues (Cont'd.)

- **Great Oaks-Route 85 Community Facilities District No. 6** On December 6, 2001 the City issued \$12.2 million in community facilities district bonds to finance the acquisition and construction of certain roadway improvements necessitated by development in the greater Edenvale Area.
- **Merged Area Redevelopment Tax Allocation Bonds** On January 15, 2002, the Redevelopment Agency closed a Tax Allocation Bond issue in the amount of \$350 million. The bonds were issued to finance a program of redevelopment in the Merged Area. A portion of the bond proceeds will be used to eliminate blight and encourage economic development in downtown San Jose, while another portion will be used to establish a new Redevelopment Project Area called the Strong Neighborhoods Initiative Project Area.
- **Housing Tax Allocation Bonds** The Finance Department, in coordination with the Housing Department and the Redevelopment Agency, issued \$70 million of variable rate taxable Tax Allocation Bonds in two series on May 29, 2002. The proceeds were used to repay \$22.5 million of the existing \$30 million Line of Credit with First Union National Bank and to fund additional affordable housing projects. The line of credit was established in 1999 to meet interim cash flow needs of the Housing Department.
- **Multifamily Housing Revenue Bonds** Federal Tax law requires an allocation of the State's private activity volume cap to finance multi-family housing projects on a tax-exempt basis. The City received

allocations from the California Debt Limit Allocation Committee (CDLAC) and closed the following projects while complying with CDLAC regulations:

Allocations awarded on May 8, 2001, resulting in bond issuances in July/August, 2001:

- Immanuel Lutheran Senior Housing (\$5.0 million), closed July 11, 2001
- Sixth and Martha Family Apartments Phase II (\$9.0 million), closed August 1, 2001
- Villages Parkway Senior Apartments (\$6.8 million), closed August 1, 2001
- Lenzen Affordable Housing Project (\$9.495 million), closed August 23, 2001

Allocations awarded on August 22, 2001, resulting in bond issuances in November/December, 2001:

- North White Road Family Apartments (\$16.845 million), closed November 15, 2001
- Villa De Guadalupe (\$6.84 million), closed November 27, 2001
- Almaden Senior Housing (\$6.05 million), closed December 5, 2001

Allocations awarded on December 19, 2001, resulting in bond issuances in April 2002:

- Betty Anne Gardens (\$11.0 million), closed April 5, 2002
- El Paseo Studios (\$9.6 million), closed April 5, 2002

Allocations awarded on April 2, 2002, resulting in bond issuances in June 2002:

- Sunset Square Apartments (\$10.904 million), closed June 26, 2002
- Villa Monterey Apartments (\$11.0 million), closed June 27, 2002

BUDGET POLICIES & PRACTICES

2002-2003 Debt Issues

Debt Financings Planned for 2002-2003

- **Civic Center Bond Anticipation Notes**

On July 2, 2002, the City of San Jose Financing Authority will issue \$85 million of Lease Revenue Bond Anticipation Notes ("BANs"). The BANs proceeds will be used to: (1) repay the Redevelopment Agency for land acquisition and site preparation costs; (2) fund additional land acquisition; (3) fund initial construction costs of the new City Hall and the related off-site Parking Facility; and (4) pay the costs of issuing the Notes. The Notes will be refunded with the proceeds of Civic Center lease revenue bonds which are expected to be sold in October, 2002.

- **Consolidated Assessment District Refunding**

On July 3, 2002, the City will issue \$13.940 million of Reassessment Revenue Bonds to refund prior bonds issued for three of its improvement districts and one of its reassessment districts. The Consolidated Refunding will benefit property owners in the four districts by reducing their assessments, and will benefit the City by removing some of the more cumbersome administrative tasks required as a result of contingent liens related to the Silver Creek Development.

- **General Obligation Bonds**

The Bonds, with a par amount of \$116.09 million, will be issued on July 18, 2002. The proceeds will be used to fund \$30 million for library projects, \$46.715 million for neighborhood parks and recreation projects, and \$39.375 million for public safety projects.

- **Multifamily Housing Revenue Bonds**

The City received allocations from the California Debt Limit Allocation Committee (CDLAC) and will close the following projects while complying with CDLAC regulations:

Allocation awarded on December 19, 2001, resulting in bond issuance in July 2002:

- Monte Vista Gardens Senior Housing II (\$3.665 million), will close July 24, 2002

Allocation awarded on April 2, 2002, resulting in bond issuance in July 2002:

- Pollard Plaza Apartments (\$14.0 million), expected to close August 1, 2002

- **Civic Center – City Hall**

In October 2002, it is anticipated that the City of San Jose Financing Authority will issue approximately \$371.0 million of lease revenue bonds in three series. Proceeds of the Bonds will be used to finance the construction of the new City Hall, repay the Bond Anticipation Notes issued in July 2002, and refund the Series 2000A Bonds issued in June 2000 to fund the interim design costs.

- **Airport Land Acquisition**

The Finance Department is working with the City Manager's Office and the Airport Department on the development of a financing plan for the acquisition of a parcel of land to be used for aviation purposes, which may include construction staging and parking. The bond issue is

BUDGET POLICIES & PRACTICES

2002-2003 Debt Issues (Cont'd.)

Debt Financings Planned for 2002-2003 (Cont'd.)

- Airport Land Acquisition (Cont'd.)

anticipated to be structured as a general fund lease revenue bond with payments received from the Airport for debt service payments. It is anticipated that this bond issue will close during 2002-2003.

- Civic Center Parking Garage In February 2003 it is anticipated that the City of San Jose Financing Authority will issue approximately \$46.0 million of lease revenue bonds to fund the construction of the off-site parking garage for the new Civic Center.

- Parking Garage Site 5 and Site H In calendar year 2003 the Finance Department anticipates issuing approximately \$40 million in bonds to construct a parking garage behind DeAnza Hotel (Site 5) and approximately \$55 million in bonds to construct a parking garage located by the Greyhound Bus Station (Site H). The financing structure will be similar to the structure utilized to finance the 4th and San Fernando Street Parking Garage, in which the Redevelopment Agency pledged tax increment revenues to fund semi-annual payments to the Trustee.

- Airport Federal Security Response Program The Finance Department has been meeting with the Airport

Department to discuss potential future financings related to the Airport's response to the enhanced security requirements imposed by the Federal Government following the September 11 terrorist attacks.

- Multifamily Housing Revenue Bonds

The City has received allocations from the California Debt Limit Allocation Committee (CDLAC) and anticipates closing the following projects while complying with CDLAC regulations:

Allocations awarded on June 24, 2002, resulting in bond issuances expected in September 2002:

- Hacienda Villa Creek Senior Apartments (\$7.0 million)
- Evans Land Apartments (\$31.0 million)

The Housing Department has submitted applications to CDLAC on behalf of the following projects, with allocations scheduled to be awarded on September 23, 2002:

- Ensenanza Apartments (\$14 million)
- Fallen Leaves Apartments (\$20 million)
- Monte Vista Gardens Senior II Housing (\$200,000)

The Housing Department also anticipates submitting four projects for allocations from CDLAC in January 2003 and three projects for allocations from CDLAC in June 2003.

City of San Jose

Debt Service Obligations

(A) SUMMARY OF CHANGES IN LONG-TERM DEBT FOR THE YEAR ENDING JUNE 30, 2002 (\$ Thousands)

	Balance July 1, 2001	Additions to Long-term Obligations	Current Maturities and Retirement s	Balance June 30, 2002
GENERAL LONG TERM DEBT:				
General Obligation Bonds	71,000	0	0	71,000
Special Assessment Bonds with Limited Governmental Commitment	91,417	12,200	7,521	96,096
Obligations under Capital Lease	4,504	0	2,325	2,179
SAN JOSE FINANCING AUTHORITY				
REVENUE BONDS PAYABLE:				
Lease Revenue Bonds, Series 1993A (Taxable)	3,430	0	1,390	2,040
Lease Revenue Bonds, Series 1993B	11,081	308	0	11,389
Lease Revenue Bonds, Series 1993D	23,345	0	555	22,790
1993 Certificates of Participation	2,115	0	1,035	1,080
Reassessment Revenue Bonds, Series 1994A	5,455	0	1,310	4,145
Sub. Reassessment Revenue Bonds, Series 1994B	3,295	0	560	2,735
Lease Revenue Bonds, Series 1997A	6,765	0	115	6,650
Lease Revenue Bonds, Series 1997B	8,335	0	945	7,390
Lease Revenue Bonds, Series 2000A	31,500	0	0	31,500
Lease Revenue Bonds, Series 2000B	22,635	0	125	22,510
Lease Revenue Bonds, Series 2000C (Taxable)	22,200	0	0	22,200
Revenue Bonds, Series 2001A	48,675	0	0	48,675
Lease Revenue Bonds, Series 2001B (Taxable)	24,000	0	0	24,000
Lease Revenue Bonds, Series 2001C (Taxable)	18,500	0	0	18,500
Lease Revenue Bonds, Series 2001D	10,800	0	0	10,800
Lease Revenue Bonds, Series 2001E	18,610	0	1,500	17,110
Lease Revenue Bonds, Series 2001F	0	186,150	0	186,150
Lease Revenue Bonds, Series 2001G (Taxable)	0	4,580	1,370	3,210
REDEVELOPMENT AGENCY:				
Housing Tax Allocation Bonds	117,855	0	2,155	115,700
Housing Revenue Bonds		70,000	0	70,000
Redevelopment Tax Allocation Bonds	1,112,705	350,000	19,625	1,443,080
Variable Rate Revenue Bonds and Other	63,655	0	165	63,490
CITY OF SAN JOSE				
ENTERPRISE FUNDS:				
Bonds Payable	245,555	158,455	16,565	387,445
Obligations Under Capital Lease	9	0	4	5
TOTAL	1,967,441	781,693	57,265	2,691,869

City of San Jose
Debt Service Obligations

(B) SUMMARY OF BONDS, CERTIFICATES OF PARTICIPATION, AND NOTES
PAYABLE AT JUNE 30, 2002 BY INDIVIDUAL ISSUE

	<u>Due To</u>	<u>Effective</u>	<u>(\$ Thousands)</u>
GENERAL OBLIGATION BONDS	2031	4.25-5.125%	<u>71,000</u>
SAN JOSE FINANCING AUTHORITY			
Lease Revenue Bonds, Series 1993A (Taxable)	2003	7.9-8.125%	2,040
Lease Revenue Bonds, Series 1993B	2018	5.4-6.0%	11,389
Lease Revenue Bonds, Series 1993D	2023	5.625-5.9%	22,790
1993 Accelerated Street Improvement Project COPs	2003	4.5%	1,080
Reassessment Revenue Bonds, Series 1994A	2005	5.4%	4,145
Sub. Reassessment Revenue Bonds, Series 1994B	2007	5.9-6%	2,735
Lease Revenue Bonds, Series 1997A	2027	5.30-5.60%	6,650
Lease Revenue Bonds, Series 1997B	2012	4.0-4.88%	7,390
Lease Revenue Bonds, Series 2000A	2030	Variable Rate	31,500
Lease Revenue Bonds, Series 2000B	2030	4.7-5.5%	22,510
Lease Revenue Bonds, Series 2000C (Taxable)	2025	Variable Rate	22,200
Revenue Bonds, Series 2001A	2026	4.00-5.00%	48,675
Lease Revenue Bonds, Series 2001B (Taxable)	2024	5.75%	24,000
Lease Revenue Bonds, Series 2001C (Taxable)	2024	Variable Rate	18,500
Lease Revenue Bonds, Series 2001D	2026	Variable Rate	10,800
Lease Revenue Bonds, Series 2001E	2010	3.0-5.0%	17,110
Lease Revenue Bonds, Series 2001F	2022	4.0-5.0%	186,150
Lease Revenue Bonds, Series 2001G (Taxable)	2002	4.45-4.60%	3,210
Total San Jose Financing Authority			<u>442,874</u>
SPECIAL ASSESSMENT BONDS WITH LIMITED GOVERNMENTAL COMMITMENT	2022	Various	<u>96,096</u>
OBLIGATIONS UNDER CAPITAL LEASES	Various	Various	<u>2,179</u>
REDEVELOPMENT AGENCY			
Housing Tax Allocation Bonds	2027	4.0-8.125%	115,700
Housing Revenue Bonds	2029	Variable Rate	70,000
Redevelopment Tax Allocation Bonds	2031	2.8-5.625%	1,443,080
Variable Rate Revenue Bonds & Other	2026	Variable Rate	63,490
Total Redevelopment Agency			<u>1,692,270</u>

City of San Jose
Debt Service Obligations

(B) SUMMARY OF BONDS, CERTIFICATES OF PARTICIPATION, AND NOTES
PAYABLE AT JUNE 30, 2002 BY INDIVIDUAL ISSUE
(CONT'D.)

	<u>Due To</u>	<u>Effective</u>	<u>(\$ Thousands)</u>
ENTERPRISE FUNDS			
San Jose International Airport			
Revenue Bonds, Series 1992	2016	5.4-6.25%	62,315
Revenue Bonds, Series 1993	2018	5.2-5.7%	40,800
Revenue Bonds, Series 1994	2007	5.5-5.875%	8,710
Revenue Refunding Bonds, Series 1998A	2018	4.1-4.75%	12,205
Revenue Bonds, Series 2001A	2031	3.0-5.25%	158,455
Commercial Paper & Loans	Short Term	Various	3,854
Obligations under Capital Leases	Various	Various	5
Clean Water Financing Authority:			
Revenue Bonds, Series 1995A	2020	4.6%-5.375%	68,820
Revenue Bonds, Series 1995B	2011	Variable Rate	26,700
Revenue Bonds, Series 1995C	2004	4.4-4.7%	5,515
Revenue Bonds, Series 1997A	2002	4.0-4.10%	3,925
State of California Revolving Loan	Various	Various	62,801
Total Enterprise Fund Bonds, Commercial Paper and Loans			<u><u>454,105</u></u>
Grand Total			<u><u>2,758,524</u></u>


City of San Jose

Debt Service Obligations

**(C) ANNUAL REQUIREMENTS TO AMORTIZE ALL BONDS, NOTES, AND
CERTIFICATES OF PARTICIPATION ESTIMATED TO BE OUTSTANDING
AS OF JUNE 30, 2002**


(\$ Thousands)

Year Ending June 30	Special Assessment Bonds	Enterprise Bonds	Redevelopment Agency Bonds	City of San Jose Financing Authority	City of San Jose General Obligation
2003	11,540	32,262	107,055	36,743	5,828
2004	12,275	32,936	115,230	32,923	5,715
2005	11,794	32,894	116,528	33,134	5,596
2006	8,551	32,865	116,423	32,534	5,487
2007	8,260	32,550	116,219	33,001	5,377
Thereafter	95,875	488,257	2,566,404	586,976	96,661
Total	148,296	651,764	3,137,858	755,312	124,664



2002-2003

OPERATING BUDGET



**GENERAL FUND
REVENUE
ESTIMATES**

GENERAL FUND REVENUE ESTIMATES

Overview

For 2002-2003, the adopted General Fund revenue estimates total \$797.2 million; representing a 1.6% increase from the 2001-2002 adopted level.

Estimates for the 2002-2003 beginning fund balance and for over 400 separate General Fund revenue accounts were formulated initially in the 2003-2007 General Fund Five-Year Forecast released in March 2002. These estimates have since been reviewed and revised as appropriate based on additional information that became available since the release of the Forecast.

Estimates for each account are based upon a careful examination of the collection history

and patterns as they relate to such factors as seasonality and performance in the economic environment that the City is most likely to encounter in the coming year. Most estimates involve two projections: An estimate for the amount to be collected in 2001-2002 based on year-to-date activity; and an estimate for the increase or decrease in activity or receipts anticipated for 2002-2003. Each source of revenue is influenced by different factors, which are both external (outside of the City's control) and internal.

Revenue estimates for 2002-2003 are summarized below and discussed in detail in the material that follows.

Revenue Category	1 2000-2001 Actuals	2 2001-2002 Adopted	3 2002-2003 Forecast	4 2002-2003 Adopted	2 to 4 % Change	% of Total
Property Tax	80,693,571	82,167,000	86,278,000	86,278,000	5.0%	10.8%
Sales Tax	169,216,984	153,650,000	148,848,538	148,848,538	(3.1%)	18.7%
Transient Occupancy Tax	10,919,727	10,000,000	8,400,000	8,400,000	(16.0%)	1.1%
Franchise Fees	29,172,058	31,567,000	33,338,000	33,857,000	7.3%	4.2%
Utility Taxes	67,446,480	62,520,000	70,673,000	70,673,000	13.0%	8.9%
Licenses and Permits	67,814,366	66,557,020	54,160,220	62,459,320	(6.2%)	7.8%
Fines and Forfeitures	11,328,735	10,311,100	11,075,500	11,075,500	7.4%	1.4%
Rev. from Money and Property	22,354,115	15,261,500	12,954,500	13,094,500	(14.2%)	1.6%
Rev. from Local Agencies	38,233,073	41,269,522	37,911,413	39,271,731	(4.8%)	4.9%
Rev. from State Government	58,359,407	56,523,615	56,618,937	58,204,087	3.0%	7.3%
Rev. from Federal Government	2,529,147	2,380,658	1,151,480	1,776,489	(25.4%)	0.2%
Departmental Charges	22,933,330	21,919,258	18,504,000	20,528,881	(6.3%)	2.6%
Other Revenue	15,279,012	13,300,084	14,692,734	14,495,183	9.0%	1.8%
Transfers and Reimbursements	66,142,896	66,926,089	65,906,149	66,020,639	(1.4%)	8.3%
Fund Balance-Carryover*	164,959,496	150,203,097	40,805,000	162,194,925	8.0%	20.3%
TOTAL	827,382,397	784,555,943	661,317,471	797,177,793	1.6%	100.0%

* The Fund Balance figure does not include the Reserve for Encumbrances.

GENERAL FUND REVENUE ESTIMATES

Overview

The Starting Point: The Recession

The length of the recession continues to be a significant concern in projecting General Fund revenues for next year. By the time the September 11 events occurred, both San Jose and the Silicon Valley were already deeply impacted by a severe slowdown, particularly evident in the high tech and construction sectors of the economy. The events of September 11 deepened and exacerbated the situation, negatively and directly influencing unemployment, travel and entertainment, and general consumer spending. Since that time, the economic disruption seems to have bottomed out, but has shown little to no sign of a resumption of growth.

The national economy has shown some signs of recovery; first quarter growth was reported to have occurred at a 5.8% level. By all indications, however, the local slowdown continues to be pronounced. This budget assumes that the significant decline in growth rates experienced this year will continue for most if not all of next year, with revenue collections expected to be well below the robust levels experienced in the previous five years. The recession and its effects were evident in the first half of 2001-2002 with dramatic negative impacts on all of the City's economically sensitive revenue categories such as: Sales Tax, Transient Occupancy Tax, and development-related fees and taxes.

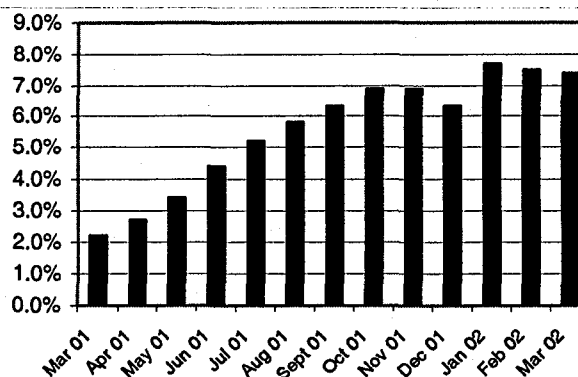
The expected lag in the local economic recovery reflects the heavy influence of the technology and telecommunications industries. Our presumption is that a significant recovery in the technology industry, not evident to date, must occur in order for the local economy to rebound, and that this recovery will lag a national state

rebound by at least six to 12 months. These time expectations are the basis for the 24-36 month budget recovery used to develop the budget balancing strategy reflected in this document.

Unemployment

If one single source of data could be used as an indicator of the radical change in Silicon Valley's economic health, it is the unemployment rate. Up until very recently, San Jose's unemployment rate was much better than that experienced by the rest of the nation and State. The tables have now turned, with our rates exceeding both the State and indeed the nation as a whole. The following graph illustrates San Jose's unemployment rate change over the past year:

San Jose Unemployment Rate



In March 2002, San Jose's unemployment rate of 7.4% (unadjusted) was over three times as high as that we enjoyed in the same month in last year (2.2%). The March 2002 rate of 7.4% also exceeds the State (6.5%) and national (6.1%) rates.

GENERAL FUND REVENUE ESTIMATES

Overview (Cont'd.)

High Tech Sector Problems

If one single area of business can be used as an indicator of Silicon Valley's economic health, it is the high tech industry. The well documented collapse of the "dot-coms", and the severe slump that has hit almost all of the other related high technology has had a severe impact on our revenue collections. These problems have also had a multiplier effect on other areas of the Silicon Valley economy: unemployment, spending (e.g., related to business to business sales and general retail spending), office vacancy rates, etc.

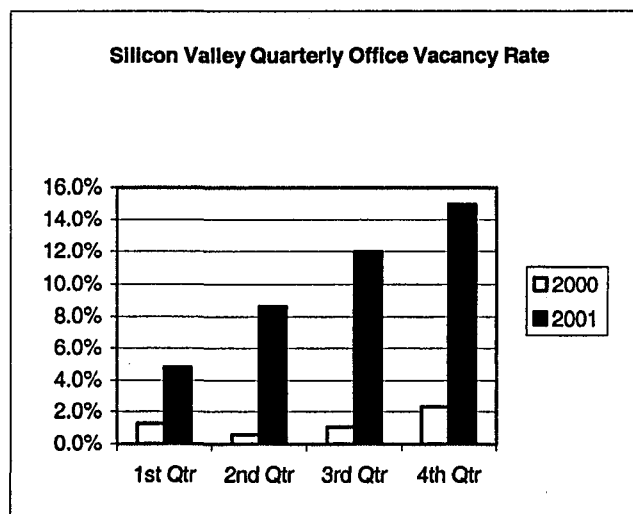
"Hard fall, Slow Recovery: Silicon Valley mired in downturn even as national economy improves"

- San Francisco Chronicle Headline (March 17, 2002)

Business-to-business sales and general retail spending generate the majority of the City's General Sales Tax revenue activity. The problems suffered by some of our largest tax generators have hit the City's General Sales Tax hard. In the first quarter of the 2001-2002 fiscal year we experienced a 19.8% decline. In the second quarter collections were down 18.2%. The greatest declines within the business-to-business category were experienced in office equipment (47.6%), electronic equipment (37.0%), and business services (37.0%). One of the largest consumers of technology equipment, after all, is the technology industry itself.

Additional signs of the extent of the financial damage can be found in the data on commercial office space, and in local corporations reported revenue and profit status. As reported by the San Francisco

Chronicle (March 17, 2002), according to CB Richard Ellis, a commercial real estate services firm, office vacancies are significantly higher than the prior year. The following graph illustrates the quarterly vacancy rate for the Silicon Valley office market in calendar years 2000 and 2001:



In addition, as reported in the San Jose Mercury News (April 9, 2002), well-established companies are still issuing financial warnings indicating that fiscal improvement is still well beyond the horizon and that revenue and profits will be well below expectations, including those related to the technology industry. Merrill Lynch has reported that first quarter revenue declined in eight of 13 technology sectors, including double-digit drops in enterprise hardware, semiconductors, personal computer hardware, communications equipment, connectors and semiconductor equipment. "Federal Reserve Chairman Alan Greenspan said the recession was over a month ago, but at best, the high-tech tumble has merely slowed." (San Jose Mercury News, April 9, 2002)

GENERAL FUND REVENUE ESTIMATES

Overview (Cont'd.)

Additional Uncertainty Accompanies State Budget Woes

Although many economists believe that the California economy will begin a rebound towards the end of the second half of calendar year 2002, the State still clearly faces an enormous budget problem. The latest estimates of the fiscal shortfall facing the State in the coming year approach \$24 billion. Because the State will likely need to adopt deep expenditure cuts to deal with a problem of that magnitude, the City must vigilantly monitor State actions and their potential impact on local government revenue streams. For example, approximately 67.5% of the Motor Vehicle In-lieu Fee (MVLFF) revenue currently received by cities is backfilled by the State. For San Jose, the MVLFF backfill at risk is estimated to be \$35.4 million (adjusted) for 2002-2003. Other State-funded programs that could be at risk for reduction or elimination include Public Library Funds, SB 90 reimbursements, and the State Booking Fee backfill.

In short, the City continues to have a significant level of exposure to State budget-balancing actions when considering its current year financial circumstances.

2002-2003 General Fund Revenue

In summary, in this fiscal environment, the most significant challenge faced by the Administration in developing this budget was to project how the weakened economy will likely affect collections in the City's economically sensitive revenue categories (e.g., Property Tax, General Sales Tax, Transient Occupancy Tax, development-related revenue, etc.) These revenues have experienced tremendous growth over the past

several years, benefiting from the nation's longest economic expansion in U.S. history and the strength of Silicon Valley's technology sector. Prior to 2001-2002, the General Fund experienced average annual growth of almost 8.0% over the last five years due to the strong performance in these categories.

Through the first three quarters of the 2001-2002 fiscal year, however, the economically sensitive revenue categories that drove General Fund growth were also driving the current year decline. As mentioned earlier, second quarter General Sales Tax receipts declined 18.2% over the prior year. Transient Occupancy Tax was down by 35.3% over the prior year. The following development-related revenue sources also dropped through the third quarter compared to the prior year: Construction and Conveyance Tax (36.0%); Building and Structure (48.1%); and revenue associated with the departments of Public Works (26.8%), Planning (34.1%), Building (35.9%), and Fire (22.7%).

The 2002-2003 General Fund revenue estimates are based on an assumption of a continuation of this down performance for the rest of this fiscal year, and most of the next.

Revised General Fund Forecast

A number of the base revenue estimates presented in the March Forecast were revised to reflect additional information received after that time. The net result of these revisions presented in the Proposed Budget was a downward adjustment of \$320,000 to the March Forecast, from \$661.63 million to \$661.3 million.

GENERAL FUND REVENUE ESTIMATES

Overview (Cont'd.)

Revised General Fund Forecast (Cont'd.)

The Secured Property Tax estimate was increased by \$675,000 based on the assumption that growth would be four percent rather than the three percent assumed in the March Forecast. The Transient Occupancy Tax estimate was increased by \$300,000 based on the assumption that the number available rooms would increase in 2002-2003, changing the original Forecast growth rate from 8.0% to 12.0%. The Sales Tax estimate was decreased by \$1.4 million based on the assumption that annualized growth would be approximately 2.5%, down from the original Forecast growth of approximately 3.5% annualized.

The Utility Tax category was decreased due to 2001-2002 performance related to the Gas Utility Tax and lower expectations regarding the performance of the Telephone Utility Tax.

The combined impact was a downward adjustment of \$521,000 to the Utility Tax category. The Licenses and Permits category was adjusted upward by approximately \$116,000 primarily as a result of estimate increases to the Business License Tax (\$50,000) and various other Police-related fee and charges revenue. The Fines, Forfeitures, and Penalties category was adjusted upward by \$391,000 based on 2001-2002 year-to-date performance related to County revenues offset by higher than expected revenue from parking fines.

Revenue from Local Agencies was decreased primarily due to lowered expectations regarding reimbursement from the Redevelopment Agency for staff services. Revenue from the State was revised downward primarily to reflect weakening 2001-2002 revenue from Motor Vehicle In-

lieu Fees. The Departmental Charges revenue estimate was revised downward due to lowered expectations related to Public Works development-related fee revenue.

The Other Revenue estimate was increased by a net of \$465,000. This net increase included a downward adjustment for lower than previously estimated revenue from Fiber Optics Infrastructure Inspection Costs (-\$285,000) offset by expected revenue from Calpine/Bechtel for the Open Space/Parks & Recreation Fund (\$500,000) and Low-Income Fund (\$250,000).

Generally, the remaining revenue estimate revisions were a result of adjustments to reimbursement amounts received to fund a variety of local and state grant programs as well as transfers and reimbursements from other funds and agencies for (or generated from) specific augmentations described throughout this document.

These changes were incorporated into the Proposed Budget as summarized in the following chart:

<u>Category</u>	<u>Adjustment</u>
Property Tax	\$ 675,000
Sales Tax	(1,363,462)
Transient Occupancy Tax	300,000
Utility Tax	(521,000)
Licenses & Permits	115,800
Fines, Forfeitures, & Penalties	391,000
Rev. from Local Agencies	(326,840)
Rev. from State of California	(135,000)
Rev. from Federal Government	200,000
Departmental Charges	(965,200)
Other Revenue	465,000
Overhead Reimbursements	224,990
<u>Transfers</u>	<u>620,000</u>
Total	\$ (319,712)

GENERAL FUND REVENUE ESTIMATES

Overview (Cont'd.)

Revised General Fund Forecast (Cont'd.)

When analyzing the City's General Fund revenues, it is important to remember that only approximately half of the categories are tied directly to the performance of the economy. The remaining areas, while impacted by overall economic performance, are primarily driven by other factors. For instance, growth in the Utility Tax and Franchise Fee categories is typically more heavily impacted by rate changes than economic growth. Collections from local, State and federal agencies are driven by the grant and reimbursement funding available. Because these revenue sources do not track directly with the performance of the economy, they can act as a buffer during an economic slowdown, easing the impact of drop in the economically sensitive categories.

Changes from Forecast to Adopted Budget

From the Revised Forecast level of \$661.3 million, additional resources totaling \$135.9 million were added as a part of the revisions incorporated in the adopted 2002-2003 budget. The majority of this increase (\$98.4

million or 72.4%) was not revenue-related. Rather, the increase was generated from additional 2001-2002 Ending/2002-2003 Beginning Fund Balance. The increase is detailed as follows: rebudgets from 2001-2002 (\$98.4 million); additional expenditure savings and higher revenue estimates (\$14.5 million); and the liquidation of unspent 2001-2002 reserves and Ending Fund Balance carryover (\$23.0 million).

In general, revenue estimates included in the Adopted Budget are intended to be as exact as possible. The level of certainty of any revenue projection, particularly when made this far in advance of the actual collection period, is obviously less than 100%. As a rule, therefore, where great uncertainty exists concerning any particular revenue source, a degree of safety was built into the estimate. As always, the 2002-2003 revenue estimates will need to be monitored closely throughout the year.

Following is a discussion by revenue category of the anticipated performance for 2001-2002. See Appendix I for a description of selected General Fund revenue sources.

GENERAL FUND REVENUE ESTIMATES

PROPERTY TAX

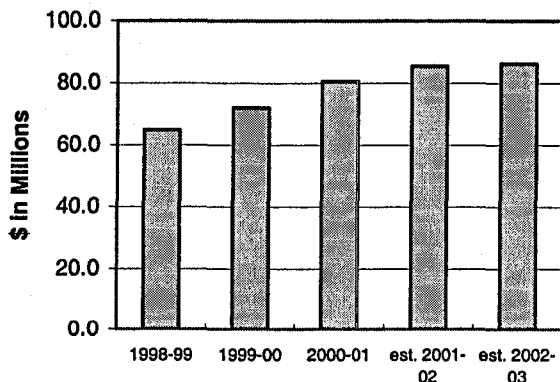
2000-2001 Actual	\$80,693,571
2001-2002 Adopted	\$82,167,000
2002-2003 Forecast*	\$86,278,000
2002-2003 Adopted	\$86,278,000
Percent of General Fund	10.8%
% Change from 2001-2002 Adopted	5.0%

* Revised upward by \$675,000 from the March Forecast. The Secured Property Tax growth assumption was increased from a 3% growth rate to 4%.

Major Categories:

- Current Secured Property Tax
- Current and Prior Unsecured Property Tax
- Current SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale)
- Homeowner's Property Tax Relief Exemption

Collection Trend:



Revenue Estimates:

Property Tax collections have benefited from healthy and steady growth over the past several years, reflecting the high volume of property turnovers, increases in home prices, and the restoration of property tax assessment amounts. In the early 1990s, many property owners filed assessment appeals because the market values of properties were less than the assessed values. Over the last few years, these values were restored as the market conditions improved. If the local economy does not improve and the recession continues in Silicon Valley, resulting in a decline in property values, the number of assessment appeals could increase and the number of property sales decline.

The 2002-2003 Adopted Budget revenue estimates for Property Tax constitute an overall increase of five percent over the 2001-2002 Adopted Budget level (\$4.1 million). This estimated growth rate is the result of two factors. First, collections in 2001-2002 are anticipated to exceed the 2001-2002 Adopted Budget by \$3.3 million. Second, collections in 2002-2003 are anticipated to increase an additional \$4.0 million over the estimated 2001-2002 level.

GENERAL FUND REVENUE ESTIMATES

Property Tax (Cont'd.)

The following section briefly describes the general assumptions used to develop Property Tax revenue estimates by major category.

Secured Property Tax

Approximately 80.0% of the City's Property Tax revenue is generated from Current Secured Property Taxes. The schedule utilized by the County Assessor for these taxes is based on the value of property assessed on January 1, 2002 and is for the period of July 1, 2002 through June 30, 2003.

Based on preliminary information from the County, it is estimated that Current Secured Property Tax growth rate for 2002-2003 should be approximately four percent, bringing total receipts to \$70.2 million. It is unclear at this point, however, what impact potential across the board property tax rollbacks by the County Assessor may have on City receipts. The 2002-2003 growth rate of four percent is below that anticipated for 2001-2002 (7.65%) as well as below those actually achieved in 2000-2001 (9.1%), 1999-2000 (12.0%), 1998-1999 (11.1%), and 1997-1998 (6.5%). However, the 2002-2003 growth rate is higher than the rates achieved in 1996-1997 (3.9%), 1995-1996 (-0.6%), and 1994-1995 (3.0%).

Unsecured Property Tax

The second largest revenue source in this category is Current and Prior Unsecured Property Taxes. Growth in this area is driven by increases in the value of personal property, typically equipment and machinery used by business and industry for manufacturing and production. Over the last decade, performance in this category has been volatile, ranging from a decrease of 12.7% in 1993-1994 to an increase of 15.0% in 1997-1998.

The Adopted Operating Budget assumes a drop of 12.0% in Unsecured Property Tax collections based on year-to-date 2001-2002 receipts. This drop is a large change from the growth experienced in the last several years such as that anticipated for 2001-2002 (20.2%) and the rates actually achieved in 2000-2001 (13.0%), 1999-2000 (2.8%), 1998-1999 (8.3%), 1997-1998 (15.0%) and 1996-1997 (12.1%).

The projected 2002-2003 decline of 12.0% in Unsecured Property Tax reflects graphically the impact of the recession. This estimate also assumes that the County Assessor will not be taking any actions to change the depreciation schedules used to value major business equipment items. Due to the volatility in collections for the past several years, this revenue source will require continued close monitoring in 2002-2003.

SB 813 Property Tax (Property Resale)

The SB 813 Property Tax component represents the retroactive collection of taxation on reassessed valuation from the period of resale to the time that the Assessor formally revalues the property. It is estimated that collections in 2002-2003 will be \$3.6 million, a drop from the anticipated 2001-2002 year-end level (\$4.0 million) and a decline from the 2000-2001 year-end actual (\$6.0 million). Next year's drop assumes a moderate decline in property turnovers due to continued impact of the recession.

Homeowner's Exemption

The Homeowner's Property Tax Relief Exemption subvention represents recovery of the tax loss resulting from the per-household exemption granted by current State law. Collections of \$1.15 million are anticipated in 2001-2002. No increase is projected for 2002-2003.

GENERAL FUND REVENUE ESTIMATES

SALES TAX

2000-2001 Actual	\$169,216,984
2001-2002 Adopted	\$153,650,000
2002-2003 Forecast*	\$148,848,538
2002-2003 Adopted	\$148,848,538
Percent of General Fund	18.7%
% Change from 2001-2002 Adopted	(3.1%)

* Revised downward by \$1.4 million from the March Forecast, reflecting a change in the approximate annualized, growth assumption of 3.5% to 2.5%

Major Categories:

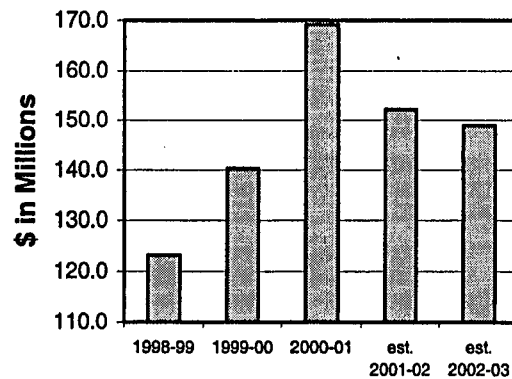
- General Sales Tax
- Proposition 172 Half-Cent Sales Tax (Public Safety Sales Tax)

Distribution of Sales Tax:

Sales Tax is the City's largest source of General Fund revenue. As shown below, the City receives one percent of the 8.25% Sales Tax collected for items sold in San Jose. In addition, the City receives a portion of the Public Safety Fund (Proposition 172) Sales Tax collected statewide.

Agency	Distribution Percentage
State of California	5.50%
City of San Jose	1.00%
Santa Clara County Transit District	0.50%
Public Safety Fund (Proposition 172)	0.50%
Santa Clara County	0.75%
Total Sales Tax	8.25%

Collection Trend:



Revenue Estimates:

General Sales Tax

The City has enjoyed very strong growth in Sales Tax collections over the last couple of years, reflecting exceptionally favorable economic conditions within Silicon Valley as well as both state- and nation-wide. These favorable conditions have changed dramatically with the deepening of the recession and the impact of events from September 11. Along with several other economically sensitive revenue sources (e.g., Transient Occupancy Tax, development-related fees, Construction and

GENERAL FUND REVENUE ESTIMATES

Sales Tax (Cont'd.)

General Sales Tax (Cont'd.)

Conveyance Tax, etc.), the Sales Tax category is suffering a steep decline in collections. For 2001-2002, it was assumed that receipts of \$147.3 million would be approximately 13.0% lower than the 2000-2001 actual level. (This drop is slightly more than the 2001-2002 budgeted decline of 12.2%.) The 2001-2002 estimate is based in part on two quarters of actual collections, the first of which saw a drop of 19.8% over the same quarter during the prior year and the second of which saw a drop of 18.2% over the same quarter during the prior year as well. The estimate also assumed a 10.0% decline and flat growth over the prior year for the third and fourth quarters, respectively. In addition, the estimate includes a one-time accrual of \$6.8 million due to a change in accounting methodology, attributing this amount to the current year.

For 2002-2003, the General Sales Tax estimate assumes only slight growth over 2001-2002. It assumes two percent growth in the first and second quarters over the prior year, and three percent growth in the third and fourth quarters.

The volatility in the City's collection experience for the past four years makes forecasting the General Sales Tax category a challenging task. Consistent with past years, therefore, Sales Tax Collections will be carefully monitored during the year and status reported to the City Council through the Monthly Financial Report.

Public Safety (Proposition 172) Sales Tax

The Public Safety (Proposition 172) Sales Tax is a ½-cent sales tax collected by the State and distributed to counties according to their share of statewide collections. The City of San Jose receives a percentage of this allocation. The 2002-2003 Adopted Budget estimate for Proposition 172 Sales Tax of \$4.75 million assumes flat growth from the 2001-2002 year-end collection levels.

The growth rate for this category is lower than the estimate for the General Sales Tax category because there is a different basis for the allocation of these funds. Because State growth outperformed that in Santa Clara County for calendar year 2001, the County will receive a slightly smaller share of this tax.

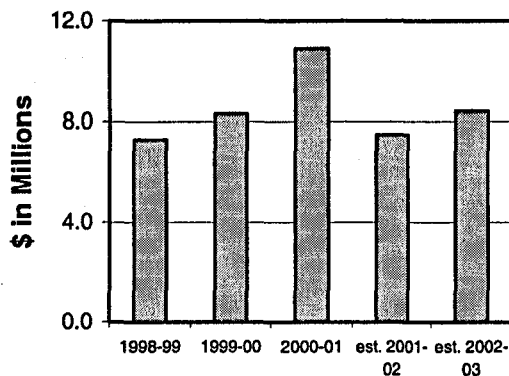
GENERAL FUND REVENUE ESTIMATES

TRANSIENT OCCUPANCY TAX

2000-2001 Actual	\$10,919,727
2001-2002 Adopted	\$10,000,000
2002-2003 Forecast*	\$8,400,000
2002-2003 Adopted	\$8,400,000
Percent of General Fund	1.1%
% Change from 2001-2002 Adopted	(16.0%)

* Increased by \$300,000 from the March Forecast to reflect anticipated increase in activity based on an increase in the number of available rooms, changing the growth rate from 8% to 12%

Collection Trend:



Revenue Estimates:

The 2002-2003 Adopted Budget estimate for the General Fund's (4.0%) share of the Transient Occupancy Tax assumes growth of 12.0% in revenues over the 2001-2002 year-end estimate of \$7.5 million.

Though growth in this category has been extremely strong in recent years, 2001-2002 collections were expected to decline a staggering 31.3% over the prior year. This decline is a significant departure from previous years. With the exception of the moderate increase of slightly over 4.0% in 1998-1999, growth in this category over the last five years ranged from 14.0% to 21.0%.

The 31.3% in 2001-2002 was expected based on particularly weak performance in this category during the first three quarters. Growth in 2002-2003 is expected to climb to 12.0%, reflecting an anticipated increase in the number of available rooms offset by the continued impact of a local economic recession.

GENERAL FUND REVENUE ESTIMATES

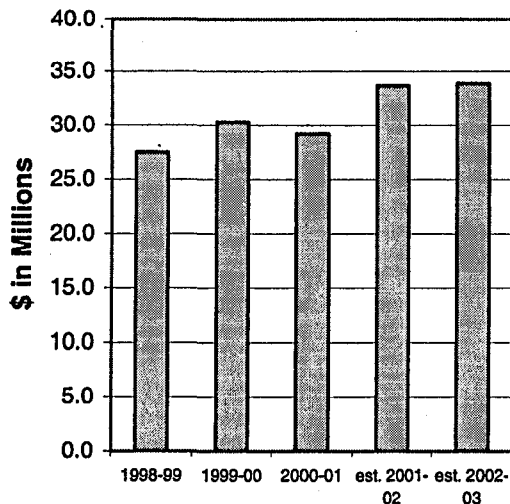
FRANCHISE FEES

2000-2001 Actual	\$29,172,058
2001-2002 Adopted	\$31,567,000
2002-2003 Forecast	\$33,338,000
2002-2003 Adopted	\$33,857,000
Percent of General Fund	4.2%
% Change from 2001-2002 Adopted	7.3%

Major Categories:

- Electricity, Gas and Water Utility Services
- Commercial Solid Waste
- Cable Television
- City-Generated Towing
- Nitrogen Pipelines

Collection Trend:



Revenue Estimates:

Electricity, Gas, and Water Utility Services

The 2001-2002 Franchise Fee for electricity and gas services provided by Pacific Gas & Electric (PG&E) were based upon the proceeds of that company in the calendar year 2001. Final accounting for the preceding calendar year takes place in late April of each year.

The 2002-2003 Adopted Budget estimate for both the Electricity and Gas Franchise Fees is based upon an examination of utility tax rate changes, industry actions, collection patterns and their correlation to franchise fee receipts.

In 2002-2003, for both the Electricity and Gas Franchise Fee, the revenue estimate (totaling \$13.4 million and \$4.3 million, respectively) assumes a slight increase of 2.0% over the estimated 2001-2002 collection level. This projection is based on a presumed slight increase for consumption; no additional rate increases are assumed. Actual collections in the Gas Franchise Fee area can be significantly impacted by weather conditions, as has been the case in past years.

GENERAL FUND REVENUE ESTIMATES

Franchise Fees (Cont'd.)

Electricity, Gas, and Water Utility Services (Cont'd.)

Water Franchise Fee collections are assumed to experience flat growth for 2002-2003 for a revenue estimate level of \$180,000. As with the Gas Franchise Fees, collections in this area can vary based on the impact of the weather conditions that may dictate water usage.

Commercial Solid Waste

For 2001-2002, Commercial Solid Waste Franchise Fees were anticipated to reach \$10.4 million. This amount would reflect a decline of approximately 6.0% from 2000-2001 actual receipts. From this point, collections are projected to decline by 8.7% in 2002-2003. This continued drop reflects the sustained trend in reduced solid waste volume levels, as diversion program impacts become more significant and the recession continues. To partially mitigate this trend, a shift in the revenue distribution between the Commercial Solid Waste Franchise Fee and AB 939 fees (also known as "commercial source reduction and recycling fee" collected and deposited in the Integrated Waste Management Fund) was adopted. The Commercial Solid Waste Franchise Fee is currently set at \$2.84 per cubic yard and the AB 939-related rate at \$1.00 per cubic yard, for a total of \$3.84 per

cubic yard. As approved, the amount distributed to the Commercial Solid Waste Franchise Fee will be \$3.34 per cubic yard and the rate for AB 939 will be \$0.50 per cubic yard, generating an estimated annual increase of \$1.3 million in additional revenue to the General Fund after three years. In 2002-2003, the first year of the three-year phase-in, an additional \$519,000 is expected. Additional discussion regarding this proposal can be found in the Integrated Waste Management Fund section of this document.

Cable Television

The 2002-2003 Adopted Budget estimate for the Cable Television Franchise Fee revenue is based upon a projection that 2001-2002 collections would end the year at \$4.775 million and grow an approximate 3.0% for 2002-2003 (to a total level of \$4.9 million). No rate increases are assumed.

City-Generated Towing and Nitrogen Pipeline

Consistent with current year experience, City-Generated Towing Franchise Fee revenues are expected to remain flat for 2002-2003 at \$1.0 million. Proceeds from Nitrogen Pipeline Franchise Fees are estimated to continue at the projected current year estimate (\$54,000).

GENERAL FUND REVENUE ESTIMATES

UTILITY TAX

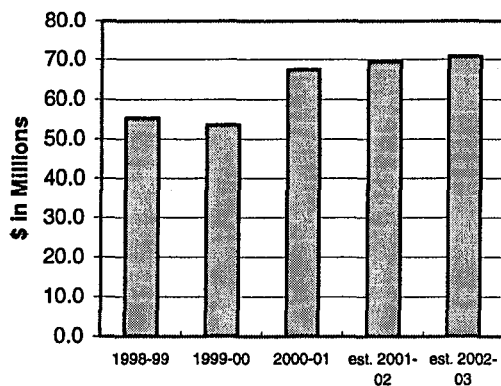
2000-2001 Actual	\$67,446,480
2001-2002 Adopted	\$62,520,000
2002-2003 Forecast*	\$70,673,000
2002-2003 Adopted	\$70,673,000
Percent of General Fund	8.9%
% Change from 2001-2002 Adopted	13.0%

* Decreased by \$521,000 from the March Forecast to reflect anticipated decline in 2001-2002 collections related to Gas Utility Tax and a downward adjustment for 2002-2003 related to Telephone Utility Tax

Major Categories:

- Electricity Utility Tax
- Gas Utility Tax
- Water Utility Tax
- Telephone Utility Tax

Collection Trend:



Revenue Estimates:

Electricity Utility Tax

For 2001-2002, Electricity Utility Tax revenues of \$35.75 million were assumed to increase 27.7% over 2000-2001 estimated collection levels to reflect the annualization of rate increases implemented in January and June 2001.

Based on this increased level of 2001-2002 performance and due to the fact that no rate changes are anticipated at this point, growth of 2.0% in Electricity Utility Tax revenue is assumed for 2002-2003 to account for a slight increase in consumption. This brings the estimate to \$36.5 million.

GENERAL FUND REVENUE ESTIMATES

Utility Tax (Cont'd.)

Gas Utility Tax

In the Gas Utility category, it is anticipated that receipts in 2002-2003 will reach approximately \$6.6 million. This receipt level represents a slight increase from the 2001-2002 year-end estimate of \$6.45 million based on the assumption that gas prices will be stable in 2002-2003. It should be noted that the anticipated 2001-2002 year-end level was adjusted downward from the March forecast based on performance through the first three quarters of the fiscal year.

Water Utility Tax

The 2002-2003 estimate for Water Utility Taxes of \$5.9 million assumes growth of approximately 3.4% over the estimated 2001-2002 collection level of \$5.72 million. This growth reflects the impact of anticipated rate increases. It should be noted that this category is subject to fluctuations based on weather conditions.

Telephone Utility Tax

In 2001-2002, it is anticipated that collections will end the year at \$21.5 million, basically reflecting flat growth over the 2000-2001 collection level. From this base, very low growth of 1.0% is anticipated in 2002-2003, bringing collections to \$21.7 million. This growth assumption is due to a presumed decline in consumer demand related to local economic conditions.

GENERAL FUND REVENUE ESTIMATES

LICENSES AND PERMITS

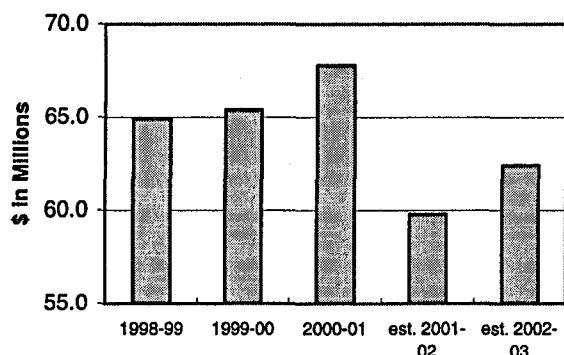
2000-2001 Actual	\$67,814,366
2001-2002 Adopted	\$66,557,020
2002-2003 Forecast*	\$54,160,220
2002-2003 Adopted	\$62,459,320
Percent of General Fund	7.8%
% Change from 2001-2002 Adopted	(6.2%)

* Increased by \$116,000 from the March Forecast to reflect revised cost and activity estimates.

Major Categories:

- Business Tax
- Cardroom Tax
- Disposal Facility Tax
- Fire Permits
- Building Permits
- Miscellaneous Other Licenses and Permits

Collection Trend:



Revenue Estimates:

Business Tax

The 2002-2003 estimate for General Business Taxes totals \$11.5 million, which is consistent with the 2001-2002 year-end estimate.

Cardroom Tax

Cardroom Tax collections are anticipated to reach \$7.5 million in 2002-2003. However, the Adopted Budget utilizes only half (\$3.75 million) of this funding for ongoing purposes. This reflects City Council direction to continue reducing the ongoing reliance on this revenue source. The remaining \$3.75 million is approved to be allocated to meet one-time needs.

Disposal Facility Tax

In 2001-2002, collections are expected to drop below the Adopted Budget estimate of \$16.1 million by approximately \$325,000. This marks the third year in which collections declined, and this downward trend is expected to continue in 2002-2003. According to the Environmental Services Department, the increased use of construction and demolition materials for Alternate Daily Cover (ADC),

GENERAL FUND REVENUE ESTIMATES

Licenses and Permits (Cont'd.)

Disposal Facility Tax (Cont'd.)

which is exempt from the Disposal Facility Tax, (DFT) continues to impact collections in this category. In addition, the slowdown in the economy and continued aggressive diversion programs are also having negative impacts on this revenue source.

In 2002-2003, revenue from DFT is, however, expected to be \$16.7 million, an increase of 6.2% over the 2001-2002 year-end estimate (\$15.73 million). This increase reflects approval of an action related to the Alternative Daily Cover (ADC) exemption currently allowed in the application of the Disposal Facility Tax. A removal of that exemption was adopted. Waste currently classified as ADC will now be subject to the current DFT of \$13.00 per ton. This is estimated to generate approximately \$1.8 million in additional DFT revenue in 2002-2003. Additional discussion related to this proposal can be found in the Environmental Services Department, and Integrated Waste Management sections of this document.

Fire Permits

The 2002-2003 Adopted Budget estimate for Fire Permit fees totals \$6.0 million, representing 8.0% growth from the 2001-2002 year-end estimate. Due to the recession, expenditures now significantly exceed revenue collections, and fee adjustments as well as use of the Fire Fee Reserve (\$256,988) are approved as a part of this budget. Based on 2002-2003 expenditure projections, fee increases are approved to generate \$268,000, helping to bring the fee program back to slightly under 100% cost-recovery level.

Building Permits

The 2002-2003 Adopted Budget revenue estimate of \$16.55 million represents 14.1% growth from the 2001-2002 year-end estimate. Due to the recession, expenditures in this program are now also exceeding revenue collections. Fee adjustments, the establishment of new fees, as well as use of the Building Fee Reserve (\$2.8 million) was approved as a part of this budget. The combination of these actions is expected to generate additional revenue of approximately \$1.5 million.

With adopted expenditure cuts, the projected revenue, and use of reserves, this program is estimated to return to 100% cost recovery for 2001-2002.

Miscellaneous Other Licenses and Permits

The revenue estimate for Multiple Housing Permit fees was adopted to increase by \$99,400 to approximately \$1.952 million, reflecting a adopted 5.4% fee increase (from \$26.10 to \$27.50 per unit). This increase is the first of a two-year, phase-in plan in order to achieve 100% cost-recovery after the second year. As approved, additional revenue of \$195,000 is expected on an ongoing basis as a result of increases over the next two years.

Several changes to Police Department Permit fees were approved, bringing an increase of \$53,000, to maintain approved cost-recovery levels. Also included in this Adopted Budget was a rebudget of \$90,000 related to Gaming Control.

GENERAL FUND REVENUE ESTIMATES

FINES, FORFEITURES, AND PENALTIES

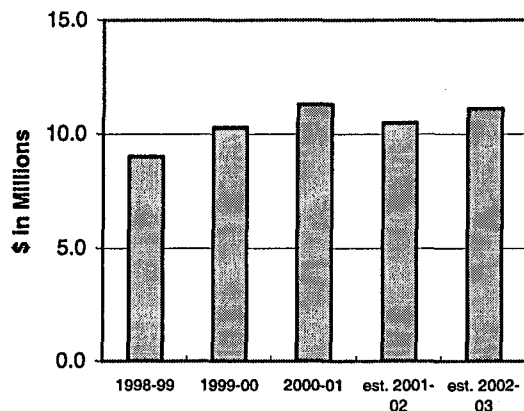
2000-2001 Actual	\$11,328,735
2001-2002 Adopted	\$10,311,100
2002-2003 Forecast*	\$11,075,500
2002-2003 Adopted	\$11,075,500
Percent of General Fund	1.4%
% Change from 2001-2002 Adopted	7.4%

* Increased by \$391,000 from the March Forecast primarily to reflect a high revenue from parking citations offset by lower revenue from County-related fines, forfeitures, and penalties

Major Categories:

- Vehicle Code Fines
- Parking Fines
- Municipal Code Fines
- Business Tax and Cardroom Penalties
- Administrative Citation Program
- Other Fines and Penalties

Collection Trend:



Revenue Estimates:

For 2002-2003, overall collections in this category are expected to increase slightly from the 2001-2002 year-end projections. Following is a discussion of the major components of this category.

Vehicle Code and Municipal Court Fines

In 2001-2002, Vehicle Code Fines are projected to reach \$2.4 million, just below the modified budget estimate of \$2.5 million. Municipal Court Fines of \$850,000 in 2001-2002 are also anticipated to be below the modified budget estimate of \$950,000. In 2002-2003, collections are expected to remain flat in both categories.

Parking Fines

Collections of \$5.5 million are expected in 2001-2002, which is \$275,000 above the modified budget. In 2002-2003, the Parking Fines category is expected to grow by \$591,000 due to parking enforcement related to the addition of a second residential street sweep, a plan to double the miles of streets that restrict parking during street sweeping times, and two new residential permit parking areas near California State University, San Jose.

GENERAL FUND REVENUE ESTIMATES

Fines, Forfeitures and Penalties (Cont'd.)

Business Tax and Cardroom Penalties

In the Business Tax Penalties category, collections are anticipated to total \$900,000 in both 2001-2002 and 2002-2003. The scheduled collection of the Garden City penalty payment (\$582,900) is not included in the 2002-2003 Adopted Budget because it is not known when or if these payments will be made due to Garden City's involvement in bankruptcy proceedings.

Administrative Citation Program

The Administrative Citation Program was projected to generate approximately \$530,000 in 2001-2002 based on the year-to-date collection level. In 2002-2003, collections are expected to remain flat.

Other Fines and Penalties

The Other Penalties category consists primarily of collections associated with the Code Enforcement Hearings Program. It was anticipated that collections will total \$200,000 in 2001-2002 based on the year-to-date collection level. No growth is expected for 2002-2003.

GENERAL FUND REVENUE ESTIMATES

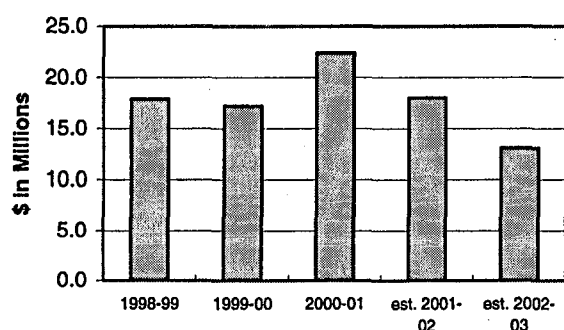
REVENUE FROM USE OF MONEY AND PROPERTY

2000-2001 Actual	\$22,354,115
2001-2002 Adopted	\$15,261,500
2002-2003 Forecast	\$12,954,500
2002-2003 Adopted	\$13,094,500
Percent of General Fund	1.6%
% Change from 2001-2002 Adopted	(14.2%)

Major Categories:

- General Fund Interest Earnings
- Special Funds Interest Earnings
- Miscellaneous Collections

Collection Trend:



Revenue Estimates:

The largest source of revenue in the Use of Money and Property category is earnings on investments of General Fund and several other funds' cash.

General Fund Interest Earnings

Based upon a review of the Monthly Investment Report data and reinvestment rates, a 2002-2003 average interest yield of 3.8%, applied to an estimated average cash balance of \$185.0 million, is assumed in a total

General Fund interest earnings projection of \$7.047 million. This amount is lower than the 2001-2002 Adopted Budget estimate of \$8.6 million. The decrease is the result of a lower interest rate assumption (3.8% versus 4.8%) that is slightly offset by a higher average cash balance assumption (\$185.0 million versus \$180.0 million). In addition to the base amount of \$7.047 million, the Adopted Budget includes an approved \$140,000 increase to recognize interest earnings received on certain debt service reserve funds held by trustees.

Special Fund Interest Earnings

Projected 2001-2002 interest income received from Special and Capital Funds, totaling approximately \$6.1 million, is slightly above the 2001-2002 Adopted Budget estimate of \$5.7 million. Adjustments to the individual estimates were made to reflect the activity anticipated in 2002-2003.

Miscellaneous Collections

Based on current year projections, it is anticipated that approximately \$687,500 will be generated from Property Tax interest, property rentals, and interest on various executive loans in 2002-2003. No changes from the initial March Forecast were required.

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM LOCAL AGENCIES

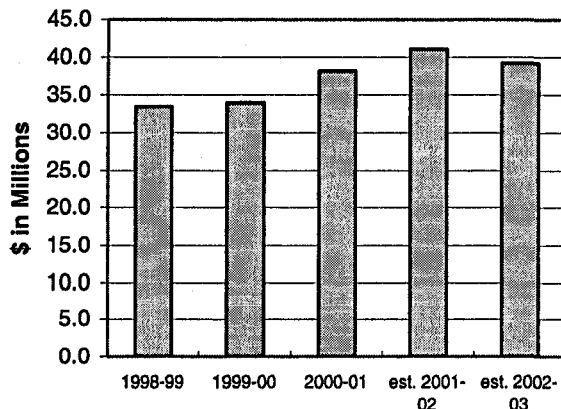
2000-2001 Actual	\$38,233,073
2001-2002 Adopted	\$41,269,522
2002-2003 Forecast*	\$37,911,413
2002-2003 Adopted	\$39,271,731
Percent of General Fund	4.9%
% Change from 2001-2002 Adopted	(4.8%)

* Decreased by \$327,000 from the March Forecast to reflect updated estimates for various reimbursements from other agencies and adjusted overhead rates.

Major Categories:

- Reimbursement from the Redevelopment Agency (Agency) for City Staff/Overhead
- Agency Payment for Convention Center Debt Service and City Capital Expenditures
- Enterprise Fund In-Lieu Charges
- Central Fire District Payments
- Paramedic Program Payments
- Other Miscellaneous Payments

Collection Trend:



Revenue Estimates:

Redevelopment Agency

The Redevelopment Agency reimbursement included in the March Forecast Budget (\$13.2 million) was based upon estimated 2002-2003 costs for City Redevelopment Agency staff, Agency overhead costs based on the 2002-2003 rates, and the projected 2002-2003 cost of the current complement of City support services provided to the Agency. This base figure was adjusted downward by approximately \$261,000 from the March Forecast to reflect the final overhead rates and anticipated level of reimbursement.

In the Adopted Budget, additional reimbursement from the Agency was approved to support Strong Neighborhoods Initiative (SNI) services: SNI plan development (\$200,000); three positions for the SNI Driveway Team (\$280,160); and a SNI Neighborhood Clean-up Program expansion (\$450,000). These approved additions were partially offset by an approved decrease (\$84,688) in reimbursement for the Office of Economic Development's proposal related to the Enterprise Zone, Hiring Voucher Program, and Employment Program.

GENERAL FUND REVENUE ESTIMATES

Revenue from Local Agencies (Cont'd.)

Redevelopment Agency (Cont'd.)

This decrease is actually a shift in funding from the Agency to the Workforce Investment Act (WIA). Additional discussion regarding this shift may be found in the Office of Economic Development section of this document.

In addition, three miscellaneous Agency-related proposals were approved for reimbursement: funding to improve the cleanliness of the neighborhood business districts (\$300,000); support for on-line permit support services and server redundancy (\$5,693); and additional revenue related to the Office of the Auditor absorbing Agency-associated expenses instead of seeking reimbursement (\$50,000).

Also approved in the Adopted Budget as reimbursement from the Agency was the pass-through Convention Center Lease payment of \$12.74 million, which is slightly lower than the 2001-2002 Adopted Budget funding level as a result of a pre-determined debt payment schedule. In addition, the total reimbursement for City capital expenditures, which enables the City to fund the San Jose BEST Program, is set at \$3.0 million. The San Jose BEST Program provides funding for schools, community-based organizations, and other programs aimed at deterring gang and drug activities and providing employment opportunities for youth.

Enterprise Fund In-Lieu Charges

The adopted estimate for Revenue from Local Agencies assumes total Enterprise Fund In-Lieu Charges of \$3.35 million. These payments are received from the Municipal Water System and Water Pollution Control

Plant enterprise funds in lieu of franchise fees and other various taxes and fees, respectively, which the City would have received if these entities were privately owned.

Central Fire District and Paramedic Program Payments

The City receives payments from the Central Fire District for emergency services provided to district residents by the San Jose Fire Department. These payments are presumed to occur at the \$4.1 million level for 2002-2003. This estimate is based on four percent growth over the anticipated 2001-2002 receipts to reflect the anticipated increase in Secured Property Tax revenues.

Payments from the County for the Paramedic Program are expected to increase 18.5% over the 2001-2002 estimated collection level, to \$1.78 million, under the existing agreement with American Medical Response (AMR). This five-year agreement with AMR is coterminous with AMR's agreement with County of Santa Clara.

Other Miscellaneous Payments

There are a number of other revenue sources included in this category, such as the Adult Day Care and Senior Nutrition Programs. For 2002-2003, generally, the base level of revenue was typically set at the 2001-2002 estimated level. In addition, the Adopted Budget provides for additional reimbursement from the Happy Hollow Corporation to support the addition of a Zookeeper at the Happy Hollow Park and Zoo (\$43,376). Included in this Adopted Budget is a rebudget of \$101,744 for Packard Grant Smart Start sites.

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM THE STATE OF CALIFORNIA

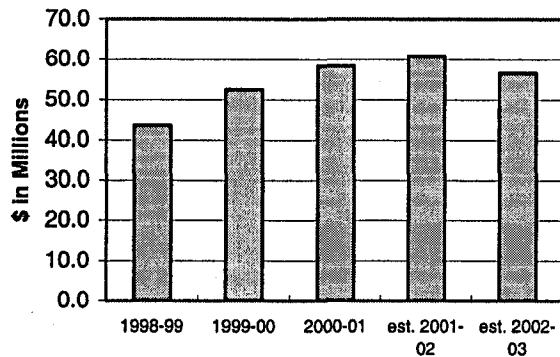
2000-2001 Actual	\$58,359,407
2001-2002 Adopted	\$56,523,615
2002-2003 Forecast*	\$56,618,937
2002-2003 Adopted	\$58,204,087
Percent of General Fund	7.3%
% Change from 2001-2002 Adopted	3.0%

* Decreased by \$135,000 from the March Forecast primarily to reflect lower expectations related to Motor Vehicle In-lieu Fees.

Major Categories:

- Motor Vehicle and Airplane In-Lieu Taxes
- State Grants

Collection Trend:



Revenue Estimates:

Motor Vehicle and Airplane In-Lieu Taxes

The growth in Motor Vehicle In-Lieu fees (MVLF) has been extraordinarily strong in the past few years with growth of 10.0% in 1997-1998, 9.5% in 1998-1999, 11.0% in 1999-2000, and 9.8% in 2000-2001. These growth rates reflect a surge in car sales throughout the State that has been sustained for several years.

In 2002-2003, it is assumed that MVLF growth will not continue at this extremely strong pace, but will experience modest growth of 3.0% over the 2001-2002 year-end estimate (for a total collection level of \$52.5 million). This lower growth rate reflects the assumption that the recession will continue to impact new car sales, as 2001-2002 year-to-date receipts have already experienced softening.

The Airplane In-Lieu fees are estimated at \$1.7 million for 2002-2003, reflecting flat growth from the estimated 2001-2002 collection level.

State Grants

Revenues received from the Public Library Fund (PLF) SB 358 grant are estimated at \$1.4 million in 2001-2002, reflecting the anticipated level of funding from the State. Due to the State's fiscal circumstances, it is anticipated that \$1.1 million will be received in PLF funding for 2002-2003. Abandoned Vehicle fee revenue of \$700,000 is anticipated in 2001-2002 and no growth is expected in 2002-2003. Also, included in this Adopted Budget is anticipated revenue of \$1.6 million to continue funding of the San Jose LEARNS program. The revenue amounts to the first year of a three-year grant.

GENERAL FUND REVENUE ESTIMATES

REVENUE FROM THE FEDERAL GOVERNMENT

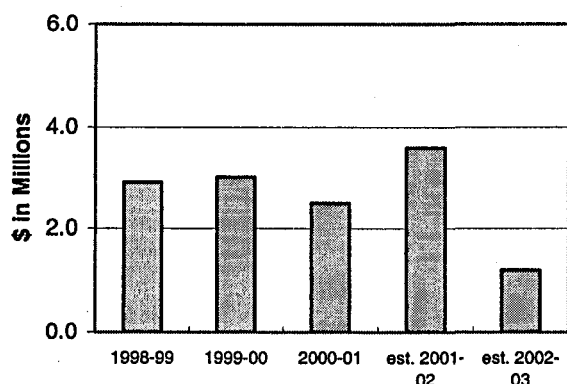
2000-2001 Actual	\$2,529,147
2001-2002 Adopted	\$2,380,658
2002-2003 Forecast*	\$1,151,480
2002-2003 Adopted	\$1,776,489
Percent of General Fund	0.2%
% Change from 2001-2002 Adopted	(25.4%)

* Increased by \$200,000 from the March Forecast to reflect higher grant reimbursement related to HIDTA

Major Categories:

- Police-Related Federal Grants
- Other Federal Grants

Collection Trend:



Revenue Estimates:

The proceeds in this category are received from various grant programs. The 2002-2003 Forecast Budget only included those grant proceeds known to be obligated for next year. Among them were the National Safe Schools Healthy Students Initiative (\$620,000); funding for the COPS Police Universal Hiring Program Grant (\$300,000); the Senior Companion Grant (\$108,500); the Retired Seniors Volunteer Program Grant (\$73,000); and FEMA reimbursement for emergency management assistance (\$50,000).

Also included in this Adopted Budget are rebudgets for the following grants: HIDTA-Heroin Grant (\$17,500); Washington Weed and Seed (\$127,000); Safe Students/Healthy Students (\$365,500); and Metropolitan Medical Strike Team (\$115,000).

GENERAL FUND REVENUE ESTIMATES

DEPARTMENTAL CHARGES

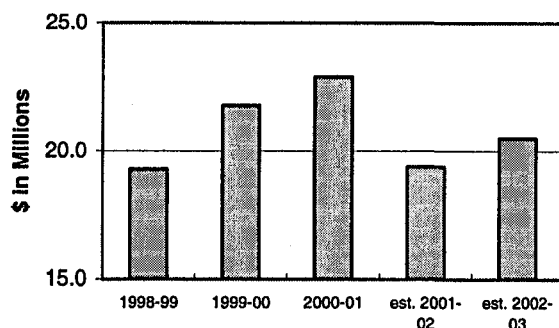
2000-2001 Actual	\$22,933,330
2001-2002 Adopted	\$21,919,258
2002-2003 Forecast*	\$18,504,000
2002-2003 Adopted	\$20,528,881
Percent of General Fund	2.6%
% Change from 2001-2002 Adopted	(6.3%)

* Decreased by \$965,000 from the March Forecast to reflect changes in activity levels and final base costs primarily related to Public Works.

Major Categories:

- Police Fees
- Public Works Fees
- Transportation Fees
- Library Fees
- Planning Fees
- Parks, Recreation and Neighborhood Services Fees
- Miscellaneous Departmental Fees

Collection Trend:



Revenue Estimates:

Contained in this revenue category are the various fees and charges levied to recover costs of services provided by several City departments. In the 2002-2003 Adopted Budget, departmental charges for services are only 1.0% higher than the 2001-2002 Modified Budget level, but are 11.8% higher (\$2.2 million) than the Revised Forecast level. The 2002-2003 Forecast revenue estimates were set at levels that did not exceed the projected base program costs in order to reflect the policy that fee schedules must be built to achieve cost-recovery levels only. (The Revised Forecast is \$965,200 lower than the March Forecast, primarily reflecting upward and downward adjustments that anticipate 2001-2002 year-end performance.)

The increase in the Adopted Budget is primarily the result of approved additions to various fee programs, adopted increases to various fees, designed to address projected activity levels and service level demands in 2001-2002.

This section highlights the major fee programs.

GENERAL FUND REVENUE ESTIMATES

Departmental Charges (Cont'd.)

Police Fees

The Adopted Budget revenue estimate for the Police Department (\$1.4 million) represents a 4.7% (\$65,300) increase from the Revised Forecast levels. This positive variance results from small fee revisions throughout the fee program. For 2002-2003, Police Department fees are expected to be at the 83.1% cost recovery level.

Public Works Fees

In 2002-2003, Public Works fees are expected to generate \$5.6 million, reflecting flat growth from the projected 2001-2002 collection level. Though performance in this category has been extremely strong over the past several years, 2001-2002 collections have dropped precipitously due to the recession.

The Adopted Budget estimate is approximately 13.5% (\$755,000) higher than the Revised Forecast level for Public Works departmental fees to reflect the actual amount of revenue expected in the upcoming year as well as adopted fee increases. Since all of the Public Works Fee Reserve was used to cover the 2001-2002 gap between revenue and expenditures, the 2002-2003 estimate increase in revenue only reflects adopted fee increases. These increases are necessary to keep the Public Works fee program at the 100% cost-recovery level for 2002-2003.

Transportation Fees

The Transportation Department fee program is expected to generate approximately \$893,000 in 2002-2003. This collection level includes fee changes that are estimated to increase net receipts by approximately \$134,000. This additional revenue would be generated in the following areas: new

Residential Permit Parking (\$127,000); transfer of fire hydrant maintenance to water service providers (-\$45,000); and collections from various fee increases (\$52,000). These fee adjustments were approved to maintain approved cost-recovery levels in 2002-2003.

Library Fees

Library Department fees and fines for 2002-2003 are estimated at \$812,000, representing flat growth from the expected 2001-2002, year-end level.

Planning Fees

The Planning, Building and Code Enforcement Department administers a variety of fees and charges related to the processing of planning permit applications. The 2002-2003, Planning fee program, revenue estimate of \$3.92 million reflects an anticipated leveling of activity combined with approved fee increases and use of the Planning Fee Reserve to keep the program at 100% cost-recovery.

Adopted fee adjustments are estimated to generate an additional \$574,000, bringing total revenues (\$3.92 million) into partial alignment with estimated costs. Use of the Planning Fee Reserve was approved as a part of this budget (\$783,793). With adopted fee increases and use of the reserve, this program is expected to be 100% cost recovery in 2002-2003.

Parks, Recreation and Neighborhood Services Fees

Departmental fee collections generated from the Parks, Recreation and Neighborhood Services Department (PRNS) are expected to reach \$6.9 million in 2002-2003 based on a combination of current activity projections and adopted fee increases. PRNS fee collections also include those related to the

GENERAL FUND REVENUE ESTIMATES

Departmental Charges (Cont'd.)

Parks, Recreation and Neighborhood Services Fees (Cont'd.)

City's regional parks and specialty facilities, previously reflected in the Conventions, Arts and Entertainment Department. Adopted fee increases would impact park permits and

reservations, parking as well as Happy Hollow Park and Zoo admission fees.

Miscellaneous Department

Collections of \$156,000 are anticipated in 2002-2003 from a variety of miscellaneous fees and charges.

GENERAL FUND REVENUE ESTIMATES

OTHER REVENUE

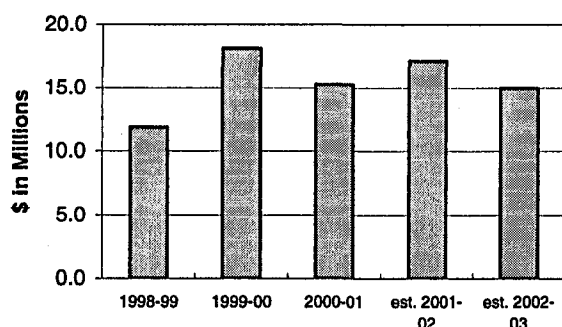
2000-2001 Actual	\$15,279,012
2001-2002 Adopted	\$13,300,084
2002-2003 Forecast*	\$14,692,734
2002-2003 Adopted	\$14,495,183
Percent of General Fund	1.8%
% Change from 2001-2002 Adopted	9.0%

* Increased by \$465,000 from the March Forecast to reflect lowered expectations related to utility company fiber optics reimbursement offset by revenue from Calpine/Bechtel for the Open Space/Parks & Recreation Fund and Low-Income Fund.

Major Categories:

- Solid Waste Enforcement Fees
- Compaq Center at San Jose Revenues
- Investment Program Reimbursement
- Fiber Optic Infrastructure Inspection Costs
- Sale of Surplus Property
- SB 90 Reimbursements from the State
- Sidewalk Repair Activities
- Revenue for Open Space/Parks & Recreation Fund and Low-Income Fund
- Miscellaneous Receipts

Collection Trend:



Revenue Estimates:

Solid Waste Enforcement Fees

The 2002-2003 Adopted Budget includes a \$118,272 increase to the Solid Waste Enforcement Fee estimate, bringing total collections to \$2.2 million. A fee increase of 5.0% (from \$0.60/ton to \$0.63/ton) was necessary to implement this change. Since activity at the current rate has not kept pace with expenditures, including cost of living adjustments and changes in overhead expenses, the fee increase was approved to keep the existing program at 100% cost-recovery.

Compaq Center at San Jose Revenues

The 2002-2003 estimate of \$2.97 million is based on an approved payment schedule for Compaq Center at San Jose parking and rentals, naming rights, and estimated collections for suite revenues. It should be noted that this figure includes the \$1.5 million in additional revenue from the Naming Rights and Trademark License Agreement between Compaq Computer Corporation (since merged with the Hewlett-Packard Corporation), San Jose Arena Management, and the City that was negotiated during 2000-2001.

GENERAL FUND REVENUE ESTIMATES

Other Revenue (Cont'd.)

Investment Program Reimbursement

The 2002-2003 revenue estimate for this category was set at \$1.4 million based on the estimated costs of this program that will be reimbursed from proceeds on investment earnings. This estimate includes two adopted increases. The first is an increase of \$179,000 to support the costs of four positions in the Finance Department. The second is an increase of \$5,200 related to the Finance Department's proposal to reorganize its payroll and utility billing accounting services. Additional information related to both proposals may be found in the Finance Department section of this document.

Fiber Optics Infrastructure Inspection Costs

The 2002-2003 estimate for Fiber Optics is \$908,000, reflecting a decrease of \$285,000 from the March Forecast. This estimate is based on the projected activity level for next year. A proposal is included in the Public Works Department for the elimination of three vacant positions that are no longer necessary due to the decline in activity reflected in the lower 2002-2003 revenue estimate. Additional information related to the three positions may be found in the Public Works Department section of this document.

Sale of Surplus Property

The Adopted Budget includes revenue in the amount of \$100,000 associated with the sale of surplus property, as was the case in the March Forecast. Due to current uncertainty related to sales anticipated in 2002-2003, no additional revenue over the \$100,000 necessary to cover costs associated with the program are projected. The Public Works Department is planning to auction a number

of properties, which could potentially generate a substantial amount of revenue. If additional revenue from this source becomes available in 2002-2003, recommendations will be brought forward for its use.

SB 90 Reimbursements from the State

Per the passage of Senate Bill (SB) 90, enacted January 1, 1973, the State reimburses the City for eligible costs incurred by the City for certain State-mandated programs. The reimbursement for Jail Booking Fees is the largest single item in this category and is estimated at \$2.5 million for 2002-2003. In addition, an estimate \$750,000 is also estimated to cover other eligible expenses.

Sidewalk Repair Activity

When the City performs sidewalk repair services for non-owner occupied residences, the property owners reimburse the City for those costs. These payments, along with the expenditures, were previously recorded in a separate Sidewalk Repair Fund. In 2001-2002, the revenues and expenditures were incorporated into the General Fund. The 2002-2003 revenue estimate for this category is \$850,000.

Revenue for Open Space/Parks & Recreation Fund and Low-Income Fund

As required by the agreement reached with Calpine/Bechtel regarding the Metcalf Energy Center, the City will receive \$250,000 for use toward a Low-Income Fund and \$500,000 for use toward an Open Space/Parks & Recreation Fund. Receipt of the Low-Income Fund revenue is reflected here in the General Fund while receipt of the Open Space/Parks & Recreation Fund revenue is reflected in the Adopted Capital Budget.

GENERAL FUND REVENUE ESTIMATES

TRANSFERS AND REIMBURSEMENTS

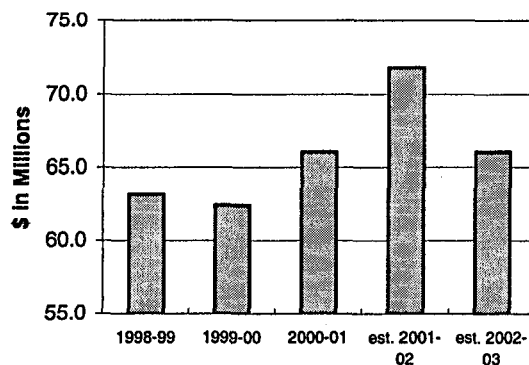
2000-2001 Actual	\$66,142,896
2001-2002 Adopted	\$66,926,089
2002-2003 Forecast*	\$65,906,149
2002-2003 Adopted	\$66,020,639
Percent of General Fund	8.3%
% Change from 2001-2002 Adopted	(1.4%)

* Increased by \$845,000 from the March Forecast to reflect new overhead rates, higher assumptions related to Gas Tax reimbursements, and reimbursement for staff expenses related to Deferred Compensation.

Major Categories:

- Overhead Reimbursements
- Transfers
- Reimbursements for Services

Collection Trend:



Revenue Estimates:

The Transfers and Reimbursements revenue category is used to account for funds received by the General Fund from other City funds through a combination of means, including

overhead charges, reimbursements for services rendered, or as simple transfers.

In total, the 2002-2003 Adopted Budget estimate for Transfers and Reimbursements is anticipated to generate approximately \$66.0 million. This constitutes a 1.4% (approximately \$1.0 million) decrease from the 2001-2002 Adopted Budget level. The following is a discussion of the three major subcategories, including detail regarding the net increase.

Overhead Reimbursements

A net change of approximately \$225,000 to the estimate for overhead reimbursements is included due to development of new (2002-2003) overhead rates finalized after the March Forecast. The changes since the revised Forecast primarily result from adopted adjustments due to the addition, reduction, and/or transfer of position funding within various special funds. In addition, overhead from the approved Measures O and P (passed November 2001) and Neighborhood Security Act Bond (passed March 2002) is now assumed. These changes result in a revised 2002-2003 overhead reimbursement amount of approximately \$30.0 million.

GENERAL FUND REVENUE ESTIMATES

Transfers & Reimbursements (Cont'd.)

Overhead Reimbursements (Cont'd.)

Significant changes were adopted from the revised Forecast Base approved for 2002-2003 and involve the following funds:

- **Airport Maintenance and Operation Fund.** A net decrease of \$246,060 in overhead reimbursements was approved to reflect the following adopted changes: reduction in insurance program staff (-\$195); redeployment of staff positions to capital funds related to the mitigation of noise (-\$37,271); addition of staff associated with the new interim Federal Inspection Service Facility (\$61,056); and City Service Area service reductions (-\$269,650). Additional description of the adopted insurance program staff reduction may be found in the Finance Department section of this document. Descriptions of the remaining adopted changes may be found in the Airport Department section of this document.
- **Convention and Cultural Affairs Fund.** A decrease in overhead reimbursements of \$13,774 was approved to reflect the following adopted changes: reduction in insurance program staff (-\$452); and elimination of the multicultural art coordinator (-\$13,322). Additional descriptions regarding the adopted insurance program, staff reduction may be found in the Finance Department section of this document. Descriptions of the remaining adopted changes may be found in the Conventions, Arts and Entertainment Department section of this document.
- **HOME Investment Partnership Fund.** An increase of \$55,056 in

overhead reimbursements was approved associated with Strong Neighborhoods Initiative (SNI) implementation within the Housing Department. Additional descriptions regarding the adopted change may be found in the Housing Department section of this document.

- **Integrated Waste Management Fund.** A decrease of \$21,282 in overhead reimbursements was approved to reflect the following adopted changes: reduction in insurance program staff (-\$20,688); and reorganization of payroll and utility billing accounting services (-\$594). Additional descriptions regarding both adopted changes may be found in the Finance Department section of this document.
- **Low and Moderate Income Housing Fund.** An increase of \$50,553 in overhead reimbursements was approved to reflect the following adopted changes: increase direct charges for financial reporting and management (\$9,836); Housing Department portfolio management (\$24,276); and redeployment of Public Works Department position associated with the Housing Action Team (\$16,441). Additional descriptions regarding the adopted direct charges increase for financial reporting and management may be found in the Finance Department section of this document. Descriptions of the adopted changes related to Housing Department portfolio management and redeployment of a Public Works position for the Housing Action Team may be found in the Housing Department and Public Works Department sections of this document, respectively.

GENERAL FUND REVENUE ESTIMATES

Transfers & Reimbursements (Cont'd.)

Overhead Reimbursements (Cont'd.)

- **Sewer Service and Use Charge Fund.** A decrease of \$1,235 in overhead reimbursements was approved related to the adopted transfer of fire hydrant maintenance to water services providers. Additional description regarding the adopted change may be found in the Transportation Department section of this document.
- **Stores Fund.** A decrease of \$5,703 in overhead reimbursements was approved associated with outsourcing copy services. Additional description regarding the adopted change may be found in the General Services Department section of this document.
- **Storm Sewer Operating Fund.** A net increase of \$4,581 in overhead reimbursements was approved to reflect the following adopted changes: transfer of fire hydrant maintenance to water service providers (\$3,405); implementation of the Environmental Services Department Laboratory Management Plan (\$2,148); and implementation of staffing efficiencies within the Environmental Services Department (-\$972). Additional descriptions regarding the adopted transfer of fire hydrant maintenance may be found in the Transportation Department section of this document. Descriptions of the remaining two adopted changes may be found in the Environmental Services Department section of this document.
- **Treatment Plant Operating Fund.** A net decrease of \$184,048 in overhead reimbursements was approved to reflect

the following adopted changes: reduction in insurance program staff (-\$697); elimination of senior heavy equipment operator in the Environmental Services Department (-\$18,401); implementation of the Environmental Services Department Laboratory Management Plan (-\$156,205); and implementation of staffing efficiencies within the Environmental Services Department (-\$8,745). Additional description of the reduction in insurance program staff may be found in the Finance Department section of this document. Additional descriptions regarding the adopted changes may be found in the Environmental Services Department section of this document.

Transfers

The 2002-2003 estimate of \$18.1 million reflects one approved change, the transfer of \$425,000 in excess fund balance from the Vehicle Maintenance and Operations Fund.

Reimbursements for Services

Reimbursements for services represent the cost to the General Fund for staff and supplies provided on behalf of the other City funds.

The largest single source of revenue in this category is reimbursements from the Gas Tax Funds for the cost of City street-related expenses. In 2002-2003, collections from this source are projected at \$17.8 million, reflecting a revised estimate from the March Forecast (\$17.5 million). Collections in this category are expected to experience a net decrease of 3.8% from the 2001-2002 estimated level. This net decrease results from the elimination of one-time funds that should have been attributed to the prior year

GENERAL FUND REVENUE ESTIMATES

Transfers & Reimbursements (Cont'd.)

Reimbursements for Services (Cont'd.)

(\$1.5 million) combined with growth of 4.7%. This growth rate is based on the assumption that increases in gas prices will be offset by a continued recession, limiting the growth in consumption levels.

The two remaining items in this category are reimbursements from the Assessment District Funds and from the Deferred Compensation Fund. The Forecast estimates for these items were \$115,000 and \$320,000, respectively. The reimbursement from the Deferred Compensation Fund is a part of the \$845,000 upward revision made from the March Forecast for the Transfers and Reimbursements category.

GENERAL FUND REVENUE ESTIMATES

Fund Balance

Unexpended Earmarked Reserves	\$27,987,449
Unexpended Contingency Reserve	\$24,596,175
Excess Revenue/Expenditure Savings	\$10,965,000
Rebudget of Unexpended Funds	\$96,646,301
Liquidation of Prior Year Encumbrances	\$2,000,000
Fund Balance Subtotal:	\$162,194,925
Reserve for Encumbrances	\$36,345,051
Fund Balance Total:	\$198,539,976

Estimates for both the unrestricted and restricted (reserves for encumbrances) portions of the 2001-2002 Ending Fund Balance/2002-2003 Beginning Fund Balance, totaling \$198.5 million, were approved in the 2002-2003 Adopted Operating Budget. The estimate for the encumbrance reserve is set at the 2000-2001 actual level (\$36,345,051). The Adopted Budget includes a matching expenditure amount intended to reflect the corresponding encumbrance appropriations that will be required.

The estimate for the unrestricted portion of the fund balance was approved at \$162.2 million, representing a \$121.4 million increase from the March Forecast level of \$40.8 million. When the Forecast was developed, the fund balance projection consisted of the unexpended Contingency Reserve estimate of \$22.8 million, an excess revenue/expenditure savings estimate of \$17.0 million, and a liquidation of prior year encumbrance estimate of \$1.0 million.

Since the release of the Forecast, changes were adopted for rebudgeted items, additional excess revenue and expenditure savings, unexpended earmarked reserves, and additional liquidation of prior year encumbrances as described in the following section.

Unexpended Earmarked Reserves

This category reflects the carryover and liquidation of unspent 2001-2002 reserves (\$4.4 million). These unexpended reserves include the following: Enhanced Park Maintenance (\$112,000); Fire Courier Service (\$115,000); Human Resources Improvements (\$310,000); Fire Fee Reserve (\$256,988); Building Fee Reserve (\$2,828,668); and Planning Fee Reserve (\$783,793). Also included is savings from the Salary Reserve (\$3.1 million), the use of the Reserve for Future Deficits (2002-2003) (\$9.98 million), and anticipated Ending Fund Balance (\$10.5 million).

Unexpended Contingency Reserve

In addition to the Forecast estimate of \$22.8 million, an additional \$1.8 million was approved to be carried over to 2002-2003.

Excess Revenue/Expenditure Savings

In addition to the savings estimated in the March Forecast, it is anticipated that an additional amount of excess revenue/expenditure savings of \$10.97 million will be available for use in 2002-2003.

GENERAL FUND REVENUE ESTIMATES

Fund Balance Components (Cont'd.)

Rebudget of Unexpended Funds

The largest component of the fund balance estimate is that associated with the rebudget of funds brought forward in the final phase of the budget (\$96.6 million). The majority of the rebudgets were capital and city-wide projects that were not completed in 2001-2002 and Earmarked Reserves, including the following items: Economic Uncertainty Reserve (\$15.8 million); Workers' Compensation and General Liability Catastrophic Reserve (\$15.0 million); Measure O&P/City Hall/SNI/Fire Master Plan

Reserve (\$7.7 million); Salary and Benefit Reserve (\$7.1 million); e-Government Applications Reserve (\$1.9 million); Enhanced Parks Maintenance (\$1.4 million); CAD System Replacement (\$1.0 million); and the Fee-Supported Reserves for Building (\$1.4 million), Fire (\$0.9 million), and Planning (\$0.2 million).

Liquidation of Prior Year Encumbrances

In addition to the \$1.0 million estimated in the March Forecast, an additional \$1.0 million in encumbrance liquidations is anticipated and will be available for use in 2002-2003.

GENERAL FUND REVENUE DESCRIPTIONS

Property Tax

Under current law, all taxable real and personal property is subject to a tax rate of one percent of the assessed value. (In June 1986, California voters approved a Constitutional Amendment, which provides for an exception to the one-percent limitation. The Amendment allows local governments and school districts to raise property taxes above one percent to finance general obligation bond sales. A tax increase can only occur if two-thirds of those voting in a local election approve the issuance of bonds.) The assessed value of real property that has not changed ownership increases by the change in the California Consumer Price Index or a maximum of two percent per year. Property which changes ownership, property which is substantially altered, newly constructed property, state assessed property, and personal property are assessed at the full market value in the first year and subject to the two percent cap, thereafter.

In 1979, in order to mitigate the loss of Property Tax revenues after approval of Proposition 13, the State legislature approved Assembly Bill 8 (AB 8). This action was approved to provide a permanent method for allocating the proceeds from the 1% property tax rate, by allocating revenues back to local governments based on their historic shares of property tax revenues. AB 8 shifted approximately \$772 million of school district property tax revenue to local governments and backfilled schools' lost revenue with subsidies from the State General Fund. Actions taken by the State in order to balance the 1992-1993 and 1993-1994 State budgets partially reversed the AB 8 formula. The 1992-1993 action reduced the City's Property Tax proceeds by nine percent, and shifted this funding to schools in order to reduce the amount of State backfill required. As part of the State's 1993-1994 Budget, the AB 8 formula was again altered requiring another ongoing shift in City Property Tax revenue to K-12 schools and community colleges.

In November 1993, the City Council elected to participate in the Teeter Plan, which is an alternative method for County property tax apportionment. Under this alternative method authorized by the State legislature in 1949, the County apportions property tax on the basis of the levy without regard for delinquencies. With the adoption of the Teeter Plan in 1993-1994, the City received a one-time buy out of all current, secured property tax delinquencies as of June 30, 1993, which totaled \$3.5 million. Under this system the City's current secured tax payments are increased for amounts that typically were delinquent and flowed to the secured redemption roll, but it gave up all future penalties and interest revenue derived from the delinquencies.

GENERAL FUND REVENUE DESCRIPTIONS

Sales and Use Tax

The Sales Tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The Use Tax is an excise tax imposed on a person for the storage, use, or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes imposed within the boundaries of San Jose are distributed by the State to various agencies, with the City of San Jose receiving one percent. The total sales tax rate for the County of Santa Clara is currently 8.25%. On November 5, 1996, voters approved the imposition of a ½ percent increase to the rate (Measure B) for Santa Clara County for a period commencing April 1, 1997 and terminating March 31, 2006. The distribution of the sales tax proceeds is as follows:

Agency	Distribution Percentage
State of California	5.50%
City of San Jose	1.00%
Santa Clara County Transit District	0.50%
Public Safety Fund (Proposition 172)	0.50%
Santa Clara County	<u>0.75%</u>
Total Sales Tax	8.25%

Major items, such as services, are exempt from the tax code. As part of a 1991-1992 legislative action, tax exemptions were removed from candy and snack foods, bottled water, newspapers and periodicals, and fuel and petroleum products sold to certain carriers. The removal of these exemptions became effective July 1991. On November 3, 1992, however, the voters approved Proposition 163, which partially repealed the prior action, re-establishing the exemption for snack food, candy, and bottled water effective December 1, 1992.

On November 2, 1993, Proposition 172 was approved allowing for the permanent extension of the half-cent state sales tax that was originally imposed on July 15, 1991, and was to sunset on June 30, 1993. (On July 1, 1993, a six month extension of the tax was granted by the state in order to provide a source of one-time funding for cities and counties to partially offset 1993-1994 ongoing property tax reductions.) The passage of the Proposition 172 legislation, effective January 1, 1994, required that the proceeds from the half-cent tax be diverted from the state to counties and cities on an ongoing basis for use in funding public safety programs.

The local Sales and Use Tax is collected and administered by the State Board of Equalization and is authorized by the Uniform Local Sales and Use Tax Law and the Bradley-Burns Uniform Local Sales and Use Tax Law.

GENERAL FUND REVENUE DESCRIPTIONS

Transient Occupancy Tax

The Transient Occupancy Tax is assessed as a percentage of the rental price for transient lodging charged when the period of occupancy is 30 days or less. The tax rate is currently 10%, six percent of which is placed in the Transient Occupancy Tax Fund and four percent of which is deposited in the General Fund. The tax is authorized by Municipal Code, Section 4.74, Ordinance number 21931.

The expenditure of the Transient Occupancy Tax Fund portion of the revenues (six percent of room rent) is restricted by Ordinance number 20563 to the following uses:

- 1) Funding for the Convention and Visitors Bureau, including a rental subsidy of City facilities for convention purposes.
- 2) Funding for cultural grants such as the San Jose Symphony and the San Jose Museum of Art, and a rental subsidy for the cultural use of City facilities.
- 3) Funding for the City's operating subsidy to the Convention and Cultural Facilities.

The General Fund portion of the Transient Occupancy Tax was enacted as a general tax and cannot be legally dedicated to any specific purpose.

Franchise Fees

The City collects compensation from the Pacific Gas and Electric Company (PG&E) for the use of City streets in the distribution of natural gas and electricity. PG&E is assessed two percent of the gross receipts representing its sale of electricity and natural gas within the City limits. Both fees are calculated on gross receipts for a calendar year. The taxes are authorized by Title 15 of the Municipal Code, Chapter 15.32, and no authorized exemptions exist.

From the sale of nitrogen gas, the City collects an annual fee of \$0.119/linear foot of gas carrying pipe installed within public streets. In addition, each customer is required to pay an annual per connection fee of \$118.76 multiplied by the inside diameter of pipe expressed in inches at the property line. A minimum of \$1,000 total Franchise Fees per calendar year is required. The fee is authorized by City Ordinance 20822, and there are no authorized exemptions.

On July 1, 1996, commercial solid waste collection franchise fees (CSW) were converted to a volume basis. This revision amended the previous structure (which had been in effect since January 1, 1995) which assessed a franchise fee equal to 28.28% of gross receipts in excess of \$250,000. With that change, fees were set at \$1.64 per cubic yard per collection for cubic yards in excess of 43,000 (the cubic yard basis is tripled if the waste has been compacted) in a fiscal year, and were assessed on any

GENERAL FUND REVENUE DESCRIPTIONS

Franchise Fees (Cont'd.)

commercial business engaged in the collection, transportation, or disposal of garbage and/or rubbish (solid waste) accumulated or generated in the City of San Jose. In December 1997, the City Council increased the rate to \$2.41 (excluding the first 29,200 cubic yards hauled in the fiscal year), effective on January 1, 1998. In 1999-2000, this fee was increased to \$2.84 per cubic yard. In 2002-2003, a shift in the revenue distribution between the CSW and AB 939 fees (also known as the "commercial source reduction and recycling fee" collected and deposited in the Integrated Waste Management Fund) was approved, increasing the amount collected for CSW to \$3.34 per cubic yard. The CSW is authorized by Title 9 of the Municipal Code, Chapter 9.08.

The City collects a Franchise Fee from any company that provides cable television (Ordinance No. 22128). The current fee is five percent of gross receipts derived from subscriptions. Excluded from the gross receipts are amounts derived from installation, late charges, advertising, taxes, line extensions, and returned check charges.

The Water Franchise Fee was established in 1995-1996 (effective July 27, 1995, Title 15 of the Municipal Code, Section 15.40). The assessment of the fee is allowable under State law, which asserts that a city can collect a franchise fee from a water utility company for laying pipelines and operating them in public rights of way. The fee is equal to the greater of either: 1) two percent of the utility's gross annual receipts arising from the use, operation, or possession of facilities located in public streets within the City limits established on or after October 10, 1911, or 2) one percent of all gross receipts derived from the sale of water within the City limits. Those portions of the water company's system that are established in private right-of-ways or utility easements granted by private developers are exempted from the franchise fee assessment. It should be noted that the City is not assessing a Water Franchise Fee on the San Jose Water Company due to a Santa Clara Superior Court ruling that states San Jose cannot impose a franchise fee on that company.

Utility Tax

The Utility Tax is charged to all users of a given utility (electricity, gas, water, and telephone) other than the corporation providing the utility (e.g., a utility company's consumption of all utilities used in the production or supply of their service is not taxed). The telephone utility tax is assessed on the basic charges and intrastate calls. Consumers pay five percent of their utility charges to the utility company that acts as a collection agent for the City. The utility company collects the tax from consumers on a monthly basis and is required to remit that amount to the City by the 25th of the following month. The tax is not applicable to State, County, or City agencies. Also, per State regulations, insurance companies and banks are exempted from the tax. This tax is authorized by Title 4 of the Municipal Code, Section 4.68. In November 1996, a five percent utility tax was imposed on interstate and international calls as part of the New Realities Task Force recommendations contingent on voter approval. Since voters did not approve the continuation of the increase, this tax was eliminated. This tax was collected from November 1996 through October 1998.

GENERAL FUND REVENUE DESCRIPTIONS

Business Tax

The General Business Tax is assessed according to the following schedule:

Category	Annual Tax
1 – 8 Employees	\$150.00
9 – 1,388 Employees	\$150.00 plus \$18.00 per Employee
1,389 and over Employees	\$25,000

In addition to the rates listed above, City Ordinance 21518 specifies the assessment of taxes by grouping taxed businesses (each at a different rate) in the following categories: Rental or Lease of Residential or Non-Residential property, Mobile Home Parks, and Water Companies. Rented or leased properties (if three or more residential rental units) are subject to the \$150.00 minimum tax, but are also assessed \$5.00/rental unit over 30 units for residential properties and \$0.01 per square foot in excess of 15,000 square feet for non-residential properties. Fees for both residential and non-residential properties are limited to a maximum of \$5,000. Mobile home parks are treated as residential properties. Water companies are assessed by a schedule that assigns an amount (from \$200 to \$20,000) depending on the number of active metered connections. In November 1996, the rates had been increased to reflect an annual inflation factor as part of the New Realities Task Force recommendations contingent on voter approval. Because the voters did not approve the continuation of the increase in November 1998, the rates (as reflected) have been returned to the levels prior to November 1996.

There are several exclusions (by Federal or State regulations) or exemptions (by the City Council) from the General Business Tax. Among the major ones are Banks and Insurance Companies, Charitable and Non-Profit Organizations, and Interstate Commerce. In addition, on June 8, 1993, City Council deleted the sunset provision of a business tax exemption for certain artists and craftpersons selling their wares at one location. The Business Tax is authorized by Title 4 of the Municipal Code, Chapter 4.76.

On May 26, 1987, the City Council enacted a new Disposal Facility Tax which became effective July 1, 1987. The rate structure is based on the weight of solid waste disposed. On July 1, 1992, City Council increased the Disposal Facility Tax from \$3.00 per ton of disposed waste to \$13.00 per ton. This tax is assessed on landfills located in the City of San Jose. Beginning 2002-2003, waste previously classified as alternate daily cover will be subject to the Disposal Facility Tax.

During the 1991-1992 fiscal year, Council approved the establishment of a Cardroom Ordinance which contained the provision to tax gross receipts from cardrooms located in the City. On June 9, 1992, City Council approved an ordinance amending the San Jose Municipal Code that increased the tax rate schedule and expanded the permissible games authorized. A gross receipt monthly tax schedule was established with taxes ranging from 1% to 13% of gross receipts. For 1993-1994, Council approved a revision to the Cardroom Ordinance, instituting a flat 13% gross receipts tax for all cardrooms located in the City with annual gross revenues in excess of \$10,000.

GENERAL FUND REVENUE DESCRIPTIONS

Other Licenses and Permits

The City requires payment for the issuance of Building Permits, Fire Permits, and miscellaneous health and safety-related licenses and permits. For most licenses and permits, the various fees charged by a given department are based on full recovery of the estimated costs for providing each service. For example, the City requires fire safety inspections of all commercial property. The fee provides for inspection charges and a number of special charges. Authorized exceptions include the addition and/or alteration of under 20 sprinkler heads and the installation of portable fire extinguishers. The fee is authorized by Title 17 of the Municipal Code, Chapter 17.12.

Where appropriate, license and permit fees take into consideration approved exceptions to Council's full cost recovery policy, as well as applicable State laws. Specific prices and rates are determined by ordinance and each of the charges is fully explained in the City's Annual Fees and Charges Report.

Fines, Forfeitures, and Penalties

The City receives a portion of the fines collected in connection with violations of the State Vehicle Code on city streets. Various fines may be assessed in addition to those imposed by the Santa Clara County bail schedule and judges' sentences. The County court system collects the fines as authorized by the State Vehicle Code and makes monthly remittances to the City. Only "on call" emergency vehicles are exempt from Vehicle Code street laws. State legislative action in 1991-1992 reduced the amount (by approximately 50%) of vehicle code fine and forfeiture revenue forwarded to the City. On October 10, 1997, however, the Governor signed Assembly Bill 233 (AB 233) which was effective on July 1, 1998. AB 233 changes how the State and California counties and cities share in traffic citation fine revenues. This legislation essentially results in the doubling of the City's revenue collections in this area, reversing the impact of the 1991-1992 state legislative action.

The City receives fines and forfeitures of bail resulting from violation of State Health and Safety Codes and City Ordinances. These fees, authorized by the State Criminal Code and City Ordinances, are collected by the County and remitted to the City on a monthly basis.

The City also receives revenue collected in connection with violations of the City's vehicle parking laws. These fines vary according to the nature of the violation. The City pays an agency to process and collect the fines. The only authorized exemption is for "on call" emergency vehicles.

GENERAL FUND REVENUE DESCRIPTIONS

Use of Money and Property

The City invests idle funds in order to earn interest. The total income varies with the market rates of interest and the funds available to invest. The City has established a formalized and conservative investment policy with objectives emphasizing safety and liquidity. This policy provides guidelines for type, size, maturity, percentage of portfolio, and size of security issuer (among others) of each investment. In addition, the policy statement outlines several responsibilities of the Council, Manager, Auditor, Finance Director, and Finance Department. These policy and monitoring units interact and produce investment performance reports and an annually updated investment policy. All reports and policies must be reviewed and approved by both the City Manager and Council. Investment of funds is authorized by the City Charter, Section 8066.

Revenue is also received from the rental of City-owned property and from the sale of agricultural products grown on City land. Exceptions are created by Council resolution. The fees are authorized in Title 2 of the Municipal Code, Section 2.04.1070.

Revenue from Local Agencies

This revenue category contains revenue received from a variety of other local government agencies. The five primary sources of revenue are the reimbursement for City staff and overhead costs from the Redevelopment Agency; the reimbursement from the Redevelopment Agency for payment of the Convention Center debt service; Enterprise Fund In-Lieu Charges; payments from the Central Fire District for fire services provided to District residents by the San Jose Fire Department; and payments from the County for the Paramedic Program.

Revenue from the State of California

The City receives revenue from the State of California in a number of different forms. While the State provides the City with funds through grants and contracts for services, by far the largest source of funds is In-Lieu Taxation.

The Motor Vehicle In-Lieu (MVLIF) Tax revenues are license fees collected by the California Department of Motor Vehicles (DMV). Until 1998-1999, the annual license fee was two percent of the market value of the vehicle as determined by the DMV. In 1998-1999, the State reduced the license fees by 25%, but agreed to backfill local jurisdictions for the loss in revenue. That backfill is now 67.5% of MVLIF revenues received by the City. The State withholds less than five percent of these fees for the support of the DMV. More than 95% of these fees are divided equally between

GENERAL FUND REVENUE DESCRIPTIONS

Revenue from the State of California (Cont'd.)

counties and cities, and their aggregate shares are distributed in proportion to the respective populations of the cities and counties of the state. The exemptions authorized by the State Constitution, Article 13, include vehicles owned by insurance companies and banks, publicly owned vehicles, and vehicles owned by certain veterans with disabilities. The tax is authorized by the State Revenue and Taxation Code.

In-Lieu Taxes are also levied against airplanes. While the method of collection is similar, the distribution is different. Revenue is distributed according to the location of the aircraft, which is then allocated to cities, counties, and school districts. State legislative action in 1992-1993 eliminated local Trailer Coach In-Lieu Tax revenues. These funds were shifted to the State General Fund.

Revenue from the Federal Government

Federal grants account for the majority of federal revenues. Grant programs must be specifically outlined and proposed for federal sponsorship. Due to the grant process, the volume of grants and level of revenue has been and will be sporadic.

Departmental Charges

Departmental Charges are comprised of fees charged for services which are primarily provided by the following departments: Planning, Building and Code Enforcement; Police; Public Works; Transportation; Library; and Parks, Recreation, and Neighborhood Services. The Parks, Recreation, and Neighborhood Services Department, for example, charges specific fees for various recreational programs, such as aquatic and adult sports programs. The prices and rates are determined by ordinance, and each of the several hundred charges is fully explained in the City's Annual Fees and Charges Report.

GENERAL FUND REVENUE DESCRIPTIONS

State Gas Tax

A portion of the State Gas Tax is shared with cities and counties under separate sections of the Streets and Highways Code. The 1964 Gas Tax (Section 2106) provides for a \$0.0104 charge on every gallon of gasoline. Revenue is then allocated according to the following formula:

County Allocation :	a	No. of Registered Vehicles in County
	÷ b	No. of Registered Vehicles in State
	x c	\$0.0104
	x d	Gallons of Gas Sold

City Allocation:	a	Incorporated Assessed Value in County
	÷ b	Total Assessed Value in County
	x c	County Allocation

Individual City Allocation:	a	Population in City
	÷ b	Population all Cities in County
	x c	City Allocation

The 1943 Gas Tax (Section 2107) authorized a per gallon charge of \$0.00725. The state allocates part of these revenues for snow removal; the balance is distributed by calculating the portion of the state incorporated population represented by the city's population.

As a result of the passage of Proposition 111, gas and diesel taxes were increased \$0.05 per gallon on August 1, 1990, and increased by \$0.01 per gallon each January 1 until January 1, 1994. For this 1990 Gas Tax (Section 2105), cities are apportioned a sum equal to the net revenues derived from 11.5% of highway users taxes in excess of \$0.09 per gallon in the proportion that the total city population bears to the total population of all cities in the state.

Other Revenue

This revenue category contains revenue received from a variety of miscellaneous sources. For several years, Solid Waste Program revenues comprised the majority of revenues in this category. However, as approved by the City Council on November 22, 1994, approximately \$55.77 million in budgeted Solid Waste revenues were removed from this category to reflect the implementation of the newly established Integrated Waste Management (IWM) Fund. Revenue categories appearing in the IWM Fund include: Recycle Plus charges (Residential and Commercial), Assembly Bill 939 (AB 939) fees, and lien revenues related to billings which took place after the creation of the new fund. Revenues, which are proposed to remain in the General Fund, total approximately \$2.2 million for the collection of solid waste enforcement fees.

GENERAL FUND REVENUE DESCRIPTIONS

Other Revenue (Cont'd.)

Other significant sources of revenue in this category include the following components: cost reimbursements related to Finance Department staff in the Investment Program; Compaq Center rental, parking, suite, and naming revenues; and multi-year utility company reimbursements for fiber optic infrastructure inspection costs. The remainder of revenue collected represents one-time and/or varied levels of reimbursements, including sale of surplus property receipts, Senate Bill 90 (SB 90) reimbursements, and miscellaneous revenues associated with the Office of the City Attorney.

Transfers and Reimbursements

The Transfers and Reimbursements revenue category is used to account for funds received by the General Fund from other City funds through a combination of means, including operating and capital fund overhead charges, transfers, and reimbursements for services rendered.

Overhead charges are assessed to recover the estimated fair share of indirect General Fund support services costs (staff and materials) that benefit other City program and fund activities. Examples of support activities included in the charges are services provided by the following departments: Employee Services, Finance, Information Technology, the Office of the City Manager, and the Office of the City Attorney. Each year the charges are calculated using Finance Department developed overhead rates applied to projected salary costs in most City funds. The most significant source of overhead reimbursements are generated from the Treatment Plant Operating Fund, the Sewer Service & Use Charge Fund, the Airport Maintenance and Operation Fund, the Integrated Waste Management Fund, and the Convention and Cultural Affairs Fund.

Transfers consist of both one-time and ongoing revenue sources to the General Fund. Ongoing transfers include Airport Maintenance and Operation Fund reimbursements for Airport Police and Fire services, Municipal Water System return on investment transfer, and capital fund transfers for maintenance and operating expenses incurred by the General Fund. One-time transfers occur on a sporadic basis and have included the disposition of uncommitted fund balances in several special funds and the transfer of monies to fund a variety of City projects. Reimbursements from other funds represent the cost to the General Fund for services provided on behalf of the other City funds.